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EIGHTEENTH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended December 31, 1944

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EIGHTEENTH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended December 31, 1944

"The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose."

[From Section 5, subsection b, of "An Act to Promote the Defense of the United States" (Public Law No. 11, 77th Congress, 1st Session).]

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LETTER OF TRANSMITTAL

To the CONGRESS OF THE UNITED STATES OF AMERICA:

Under the authority vested in me by the Executive Order of September 25, 1943, and pursuant to the direction of the President, I am submitting herewith to the Seventy-ninth Congress, a report on operations under the Lend-Lease Act, from the passage of the Act, March 11, 1941, to December 31, 1944.

LEO T. CROWLEY,
Administrator, Foreign Economic Administration.

WASHINGTON, D. C.
February 20, 1945.

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Chapter 1

WEAPON FOR VICTORY

On March 11, 1941, when the Lend-Lease Act was enacted, the nations of Europe were being overrun by the Nazi military machine and the peace-loving peoples had not yet stopped the rising tide of aggression. In June of 1941, the Soviet Union was invaded and by December this country and the peoples of the Pacific and Far East were plunged by Japanese treachery into world-wide total war. Today, freedom-loving nations everywhere have combined to stop and defeat the Axis Powers.

During these past four years the United Nations have freed the Mediterranean of the Nazi aggressors, and liberated France, Belgium, Luxembourg, Greece, and Poland, and parts of the Netherlands, Norway, Yugoslavia, Albania, and Czechoslovakia. On the other side of the world, the allied forces have driven the Japs back from New Guinea and the Solomons, the Admiralty Islands, Saipan, Morotai, and Peleliu, and have brought our flag home to Guam and the Philippines.

The United Nations have achieved these victories through an effective fighting partnership and a system of combined war supply. The tremendous striking power of the simultaneous offensives around the world has been made possible by the mobilization of the combined resources of all the United Nations. Through lend-lease and reverse lend-lease, these combined resources have been used, regardless of the origin of the supplies or who uses them, where they will hit the enemy hardest and hasten the day of final victory.

LEND-LEASE AID

From the start of the lend-lease program in March 1941 through December 1944, we have supplied to our allies goods and services valued at $35,382,000,000. During the first half of 1944, in preparation for D-Day in Normandy and the great Soviet winter offensive on the Eastern Front, lend-lease aid to our allies reached an all-time high. In the second half of the year, when we were sending large quantities of munitions to our own forces in both the European and Pacific theaters, shipping shortages

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TOTAL LEND-LEASE AID

March 1941 through December 31, 1944

Category	Amount	% of Aid
Goods Transferred:		
Munitions (including ships)	$18,132,310,000	51.3
Industrial Materials and Products	8,322,857,000	23.5
Agricultural Products	4,955,061,000	14.0
Total Transfers	31,410,228,000	88.8
Shipping and Other Services	3,972,418,000	11.2
Total Lend-Lease Aid	35,382,646,000	100.0
Consignments to Commanding Generals*	788,083,000	

*Goods consigned to United States commanding generals for subsequent transfer in the field to lend-lease countries. The value of such goods transferred is not included in the lend-lease aid total of $35,382,646,000. Further information on consignments to commanding generals is given in Table 18, page 42.

Table 1

caused lend-lease aid to our allies to fall off. But in December lend-lease aid rose again, totalling $1,319,000,000 for the month, as shown by Chart 1.

In addition to direct lend-lease aid we have also consigned supplies amounting to $788,000,000 to United States commanding generals in the field for subsequent transfer to our allies under lend-lease. Most of these supplies were turned over to the French forces in North Africa and to China. Approximately three-fourths of the supplies which have been thus consigned to date have been guns, ammunition, tanks, and other vehicles.

Ninety-eight percent of all lend-lease aid has gone to our four major fighting allies—the Soviet Union, the British Commonwealth, China, and France. The remainder has been effectively used for such purposes as the equipping of Norwegian, Dutch, Greek, and Yugoslav merchant ships and airmen, the furnishing of supplies to Polish and Yugoslav prisoners of war, and the strengthening of our own hemispheric defenses.

Lend-Lease for Victory

Military considerations constitute the paramount and determining factor in the provision of all lend-lease aid. We furnish lend-lease aid in order to aid ourselves. Since the beginning of the program, lend-lease aid has

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been used and will continue to be used for one purpose and one purpose only—to enable the United States and its allies to bring their combined resources to bear against the common enemy and speed the day of final victory.

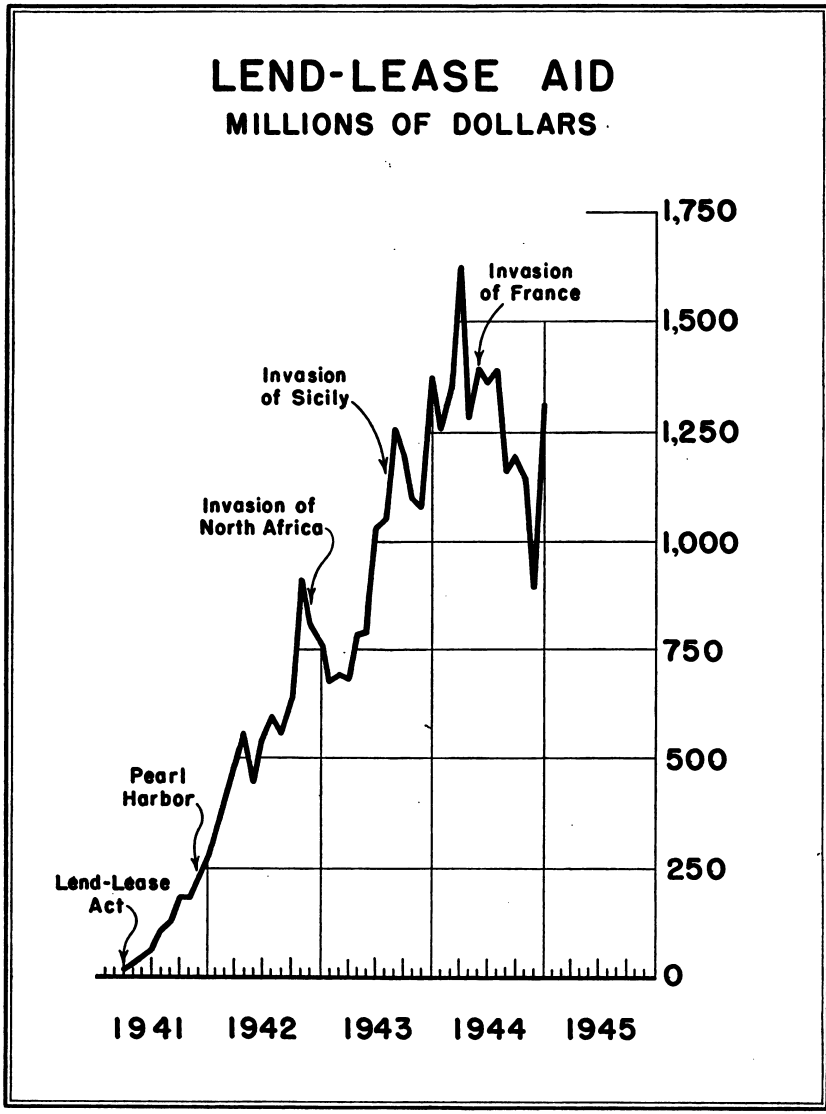


Chart 1

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Munitions

Munitions constitute by far the largest portion of lend-lease transfers, amounting to 58 percent of all goods transferred to date under lend-lease. The Soviet Union and the British Commonwealth produce the great bulk of the munitions used by their armed forces. But the planes, tanks, motor vehicles, guns, and ammunition supplied under lend-lease have enabled our allies to utilize their full manpower, and have tremendously increased the mobility and fire power of their troops in the combined offensives against the common enemy.

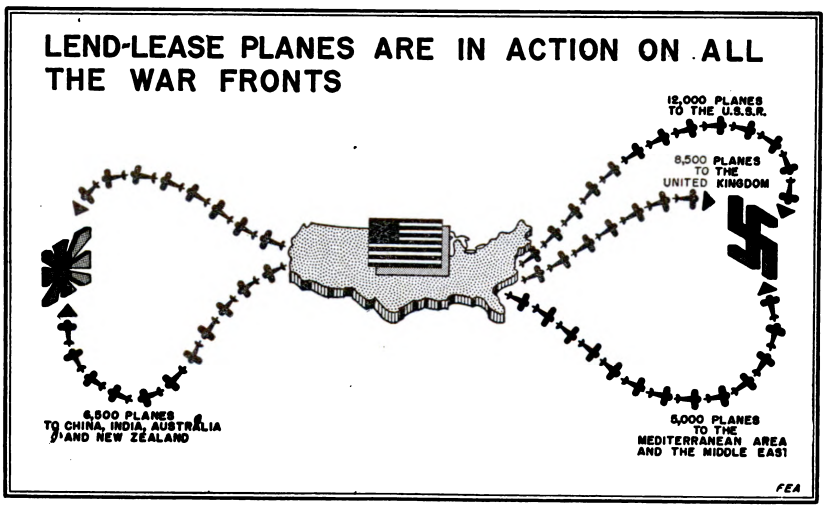


Chart 2

Munitions sent under lend-lease have been equivalent to about 14 percent of our total munitions production. Sales of munitions to our allies have amounted to about 2 percent of our production. Thus 84 percent of all our munitions production has been retained for our own forces. The figures on munitions include naval and merchant ships.

Petroleum Products

Petroleum products, indispensable to modern mechanized warfare, have constituted 5 percent of our total lend-lease transfers. Two-thirds of lend-lease petroleum shipments during 1944 consisted of aviation and motor gasoline. Part of this has been used by our own Air Forces operating from the United Kingdom, where British and American petroleum constitute a common pool. Lend-lease petroleum products, sent mainly to Britain and Russia, have added immeasurably to the striking power of the allied ground offensives and the air assault—from the West, East and South—on Nazi supply lines, transportation centers and war factories.

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On the basis of the short-haul principle, we have received from British-controlled refineries under reverse lend-lease large quantities of aviation gasoline and other petroleum products for use by our armed forces in the campaign against Japan in the Pacific.

Although lend-lease petroleum shipments for use by our allies have been large, they have accounted for less than one-tenth of U. S. production.

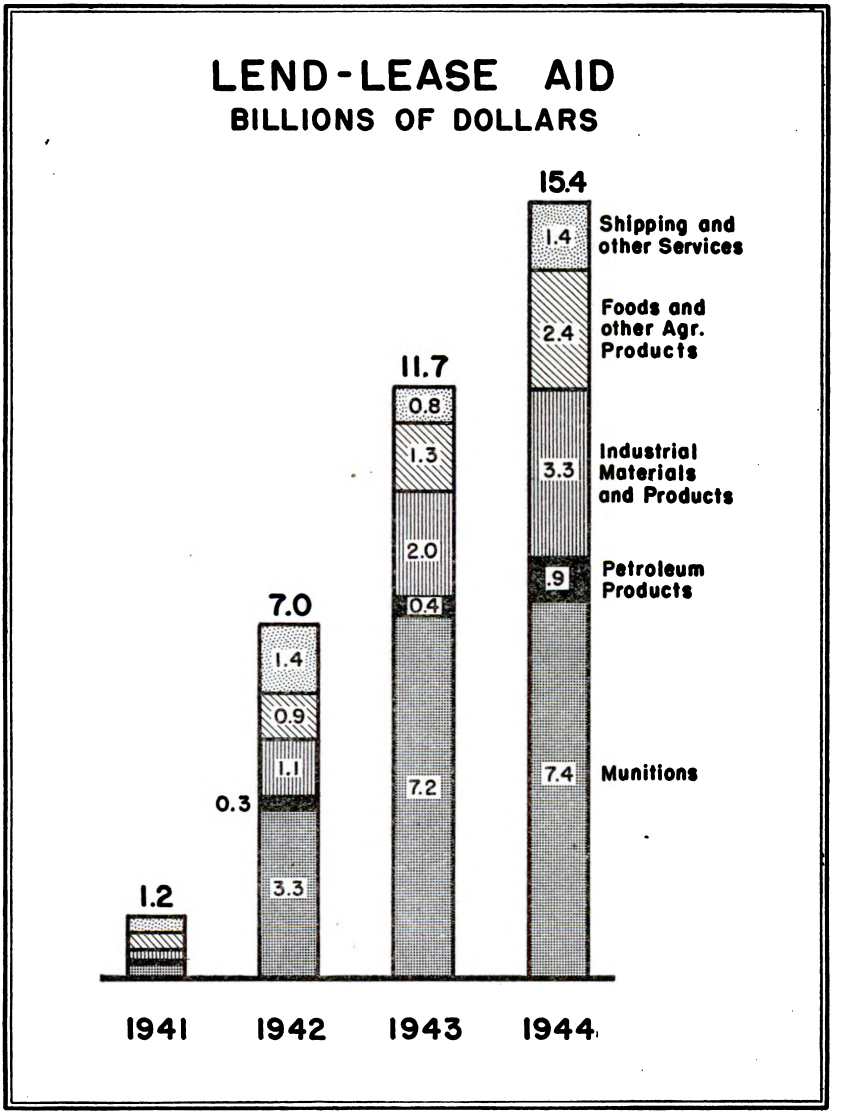


Chart 3

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Industrial Materials and Products

Industrial materials and products (other than petroleum products)—amounting to 21 percent of the supplies transferred under lend-lease—consist of such items as signal, quartermaster, chemical warfare, engineer, and medical equipment and supplies; metals and minerals, and chemicals, railroad and road-building equipment, and machine tools and other machinery and equipment for war production.

LEND-LEASE TRANSFERS OF INDUSTRIAL MATERIALS AND PRODUCTS

Cumulative from March 11, 1941, to December 1, 1944

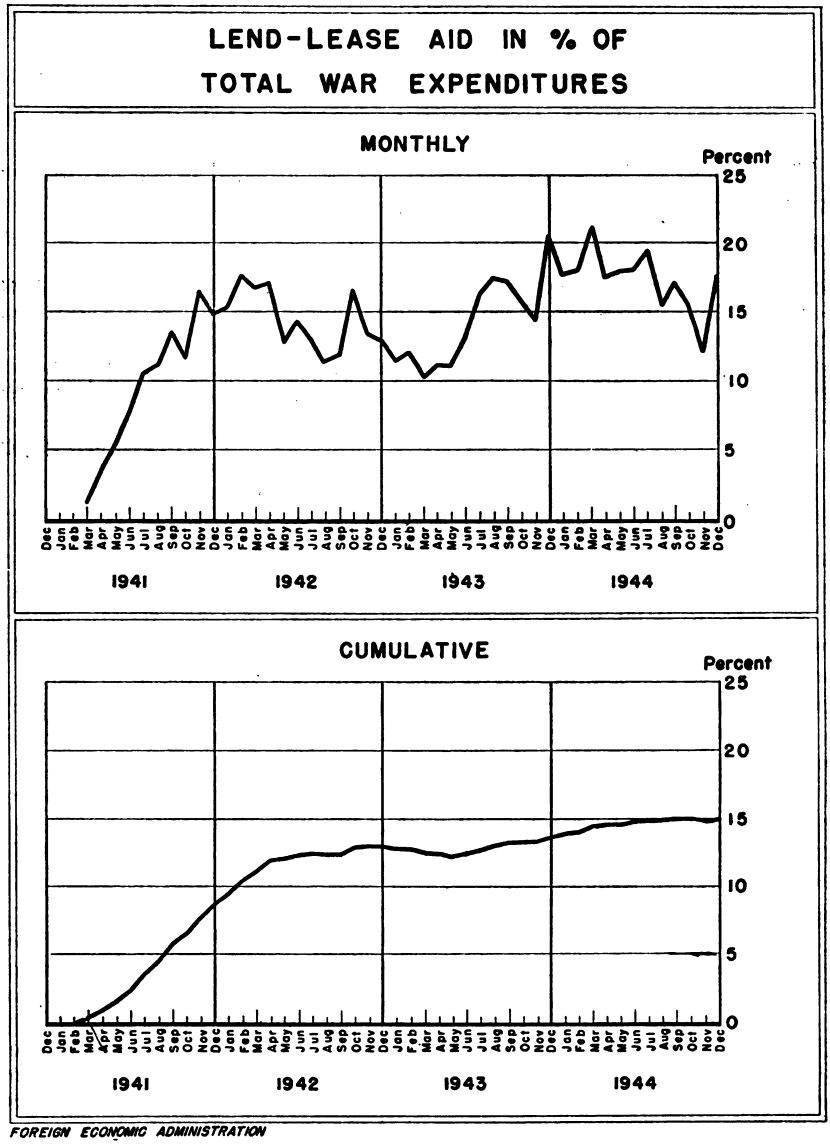
Thousands of Dollars

Category	Amount
Signal Equipment, Supplies and Materials	733,611
Quartermaster Equipment, Supplies and Materials	616,035
Chemical Warfare Equipment	213,209
Engineer Equipment, Supplies and Materials	454,926
Medical Equipment, Supplies and Materials	80,374
Supplies for Servicing of Vessels	159,422
Equipment, Materials, and Supplies for Naval and Military Bases	244,293
Chemicals	194,719
Metals and Minerals	1,606,786
Railroad and Road-building Equipment, Materials and Supplies	316,633
Electrical Equipment, Materials and Supplies	161,083
Machine Tools, Foundry Equipment, and other War Production Equipment	1,040,695
Agricultural Implements	51,103
Miscellaneous Items	524,699
Total Industrial Materials and Products	6,397,588

Table 2

Industrial raw materials and equipment for war production have enabled our allies to make the actual weapons of war in their own factories. Lend-lease materials and equipment are used to fill critical deficits in the war production of our allies. By sending them alloys, for example, we enable them to use their own iron to make steel. By sending them tools, we

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FOREIGN ECONOMIC ADMINISTRATION

Chart 7

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Chapter 5

STATISTICAL TABLES AND CHARTS

AMOUNTS OF LEND-LEASE AID AUTHORIZED

The amount of lend-lease aid that may be provided under the various acts is summarized as follows:

I Lend-Lease Appropriations to the President

First Lend-Lease Appropriation (March 27, 1941)	$7,000,000,000
Second Lend-Lease Appropriation (October 28, 1941)	5,985,000,000
Third Lend-Lease Appropriation (March 5, 1942)	5,425,000,000
Fourth Lend-Lease Appropriation (June 14, 1943)	6,273,629,000
Fifth Lend-Lease Appropriation (June 30, 1944)	3,538,869,000
Total	28,222,498,000

II Transfers Authorized From Other Appropriations

Direct appropriations have been made to the War and Navy Departments and to the Maritime Commission for the procurement of items which are in the main common to the uses of our own armed forces and those of our allies. These items when produced can be used, in other words, by our own armed forces or those of our allies in the manner in which they can be most effective in defeating our common enemies. It is not until they are ready for distribution that they are allocated by the military experts in accordance with the strategic needs. The Appropriation Acts in question authorize transfers to our allies up to stated amounts under the lend-lease act. That does not mean that transfers up to the stated amounts have to or will necessarily be made. All that it means is that there is sufficient flexibility for the military experts to assign the supplies where they will do the most good in winning the war.

War Department:	
Third Supplemental, 1942	$2,000,000,000
Fourth Supplemental, 1942	4,000,000,000
Fifth Suppemental, 1942	11,250,000,000
Sixth Supplemental, 1942	2,220,000,000
Military Appropriation Act, 1943	12,700,000,000
Navy Department: Second Supplemental, 1943	3,000,000,000
Departments other than War: Third Supplemental, 1942	800,000,000
Total	35,970,000,000

NOTE.—In addition to the foregoing, Congress has with certain limitations authorized the leasing of ships of the Navy and merchant ships constructed with funds appropriated to the Maritime Commission without any numerical limitation as to the dollar value or the number of such ships which may be so leased. (See for example, Public Law 1, 78th Congress, approved February 19, 1943, and Public Law 11, 78th Congress, approved March 18, 1943.)

Table 15

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CHINA

China has been fighting the Japanese on her own soil for seven years. She has needed more aid than we have up to now been able to send her by the single air route that connects her with the outside world. Nevertheless the Chinese people have rendered heroic and effective aid to our forces in China.

The bases in China from which our B–29 Super-Fortresses take off to raid Japan were built by 400,000 Chinese laborers, working with their bare hands. There was virtually no equipment in China for building these bases, nor could it be brought in from outside by air. The Chinese hauled by hand 160,000 tons of rock and sand to build the runways needed for the planes, crushed the rock by hand and laid it stone by stone, then smoothed the surface by hand-hauled stone rollers. They built so effectively that within three months of the time construction started, the first of the B–29's was able to land in China.

The many bases used by General Chennault's Fourteenth Air Force in China were built in the same fashion. And the success of the operations of our Air Force in China depends in large part on China's grapevine air raid warning system on the approach of Japanese planes. This system extends by underground connections into the Japanese-occupied areas of China. In spite of the lack of modern communication equipment, it is one of the fastest and most efficient in the world.

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REVERSE LEND-LEASE AID IN INDIA*

Thousands of Dollars

Category	January-September 1944	Cumulative to October 1, 1944
Foodstuffs	16,285	26,374
Military Supplies and Equipment	118,870	159,687
Shipping Services and Shipbuilding	1,639	3,739
Transportation and Other Services	17,692	27,565
Construction	56,201	100,075
Total**	210,687	317,440

*Provided both by the United Kingdom and the Government of India. Based on estimates by the United States Army.

**Does not include raw materials and foodstuffs shipped to the United States.

(Conversion from Indian rupee: 330.44=$100.00)

Table 14

kinds, cranes, concrete mixers, insulators, barbed wire, and hundreds of other miscellaneous supplies. Our Army Medical Corps uses reverse lend-lease beds and bedding, kitchen and mess equipment, stretchers and dressings, as well as many other supplies. Our fighting men wear reverse lend-lease uniforms and boots. And our Air Force in India has used more than 113,300,000 gallons of reverse lend-lease aviation gasoline from the British refinery at Abadan as well as millions of gallons of motor gasoline, oil, greases, and lubricants.

THE SOVIET UNION

The Soviet Union, which fought until this summer on her own soil, has needed virtually all she could produce for her own forces. Moreover, until this year no United States forces were stationed on Soviet territory and the occasion for reverse lend-lease aid did not arise, except in connection with supplies, repairs, and other services provided as reverse lend-lease for United States merchant ships in Soviet ports. With the establishment of the shuttle-bombing bases in Russia, the Soviet Union has provided our Air Forces, as reverse lend-lease aid and without cost to us, with much of the supplies and services needed for these bases. This aid has included many of the materials and most of the labor used in building the bases, part of the equipment, much of the food for our Air Force crews and mechanics, and many other operational supplies and services.

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in the campaigns of the Solomons, New Guinea, New Britain, and the Admiralty Islands. Now that more and more American men are going to the Pacific areas, this reverse lend-lease food program is being increased again. Australia and New Zealand spent as much for food for our forces in the three months ending October 1, 1944, as in the first six months of that year. And for our troops closing in on Japan from the Asiatic mainland, India, very short of food for its own people, had by that date furnished $26,000,000 worth of food as reverse lend-lease and without payment by us.

REVERSE LEND-LEASE AID FROM NEW ZEALAND

Thousands of Dollars

Category	January-September 1944	Cumulative to October 1, 1944
Foodstuffs	35,637	65,137
Military Supplies and Equipment	11,459	24,826
Shipping Services and Shipbuilding	1,579	8,079
Transportation and Other Services	9,272	23,227
Construction	6	28,570
Total	57,953	149,839

(Conversion from New Zealand pound at $3.25.)

Table 13

Together, these three countries had by October 1, 1944, spent $262,468,000 to build air bases, camps, barracks and hospitals, and other installations for our forces. Of this total $132,823,000 was spent by Australia, $100,075,000 in India, and $28,570,000 by New Zealand. American planes carrying supplies to China take off from reverse lend-lease air bases in India as do our B–29 Super Fortresses for their raids on Japanese installations in Malaya and Indo-China.

New Zealand has provided hospital beds, mainly in specially constructed and equipped hospitals, for no fewer than 8,000 United States servicemen at a time when the accommodations in the Dominion for civilians in both public and private hospitals totaled only 13,000 beds.

American war supplies move over Australian, Indian, and New Zealand railroads without payment by us, and American soldiers use thousands of different items furnished as reverse lend-lease by these three countries. Our Army Engineers use reverse lend-lease earth moving equipment of all

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AUSTRALIA, NEW ZEALAND, AND INDIA

By October 1, 1944, we had received from Australia, New Zealand, and India reverse lend-lease aid valued at $1,112,123,000 for use in the war against Japan. From these three allies we received in the first nine months of 1944 supplies and services amounting to $552,120,000. Although our forces are moving out of the South and Southwest Pacific, they will continue to be supplied in their northward course by Australia and New Zealand.

REVERSE LEND-LEASE AID FROM AUSTRALIA

Thousands of Dollars

Category	January-September 1944	Cumulative to October 1, 1944
Foodstuffs	52,815	147,936
Air Force Supplies and Equipment	15,149	50,584
Other Military Supplies and Equipment	84,847	136,447
Shipping Services and Shipbuilding	34,830	58,110
Transportation and Other Services	55,006	118,944
Construction	39,833	132,823
Total	282,480	644,844

(Conversion from Australian pound at $3.23.)

Table 12

The most important single item that we receive from Australia and New Zealand is food. By October 1, 1944, this food program for our forces had cost Australia and New Zealand $213,000,000. Here are some of the quantities we have received:

	Pounds
Beef and veal	186,419,000
Lamb and mutton	48,094,000
Pork, including bacon and ham	106,196,000
Other meat	155,290,000
Butter	55,341,000
Fruits and vegetables	531,663,000
Sugar	153,450,000
Eggs (dozen)	39,881,000

This program, which has reached such tremendous proportions, began with the few shiploads of food Australia sent to Bataan shortly after Pearl Harbor. It supplied most of the food for the American men fighting

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but during this time their territories that were not under enemy control furnished supplies and services to the United States as reverse lend-lease. Up to October 1, 1944, our armed forces in French North and West Africa and New Caledonia had received war supplies and services of an estimated value of $46,750,000. By that date our troops had also received in the Dutch West Indies supplies and services valued at $170,000 and in the Belgian Congo services valued at $167,000.

Substantial though these figures for reverse lend-lease aid are, they are rising at a rapidly increasing rate, for today France and Belgium and a part of the Netherlands are again free and are now contributing to the United Nations war supply pool. France and Belgium have great industries which suffered relatively slight damage, and the Netherlands has been an important food-producing nation. They are already producing vital war supplies and food for the allied armies on the continent.

The United States has already received under reverse lend-lease large quantities of supplies and services. Among the supplies received are large quantities of fresh fruits and vegetables; several million small batteries, which have a short life and have therefore required a top shipping priority to reach the fighting fronts in a condition to be used; steel beams and girders for bridges that the allied airmen destroyed and that must be restored so that supplies may be moved to the front in Germany; hundreds of thousands of feet of lumber, and nearly a million maps. American tanks and trucks are constantly being repaired in French plants and in some cases with parts produced by French industry. Belgian factories have supplied 450,000 track link connectors for tanks so essential for the tough going in the mud and snow on the Siegfried Line. An estimated 100,000 French civilians, as well as several thousand Belgians, are employed at U. S. Army supply depots, bases, and other projects, and their salaries are being paid under reverse lend-lease. Thousands of buildings in France and Belgium have been made available under reverse lend-lease and without payment by us for use as billets, hospitals, offices, and storage and supply depots. Included are most of the hotels in Paris. And all of these are being lighted and maintained under reverse lend-lease.

Recently plans have been made for an additional reverse lend-lease program. Among the articles to be produced are great quantities of uniforms and tents, 200,000 heavy-duty tires, vital repair parts for military vehicles and several million jerri-cans. All these are to be produced in France, except for a portion of the tires which are to come from Belgium. Some of the raw materials such as cotton and synthetic rubber needed for this program will come from the United States under lend-lease, but the products resulting from this program furnished to the United States will be supplied as reverse lend-lease and without payment by us.

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REVERSE LEND-LEASE AID FROM THE UNITED KINGDOM

Thousands of Dollars

Category	January-September 1944	Cumulative to October 1, 1944
Goods and Services Transferred in the United Kingdom	706,000	1,278,000
Shipping Services	146,000	420,000
Capital Construction in United Kingdom and Overseas	159,000	715,000
Goods and Services Transferred Outside the United Kingdom *	252,000	413,000
Total	1,263,000	2,826,000

* Includes the value of raw materials and foodstuffs and military supplies shipped to or transferred in the United States. Includes transfers in overseas theaters of war to March 31, 1944, only.
(Conversion from pound sterling at $4.03.)

Table 11

liners—the *Queen Mary* and the *Queen Elizabeth;* 350,000,000 pounds of fresh vegetables and other British-produced foods that took care of 20 percent of the rations of our soldiers in the British Isles; 2,000,000 pairs of wool socks; quantities of howitzers, anti-aircraft and anti-tank equipment; hospitals completely equipped with beds for 100,000 men and hospital trains now in use on the Western Front; all heat, light, and water bills at our bases and barracks in Britain.

The most important single reverse lend-lease project in terms of cost was the construction of air bases for the Eighth and Ninth U. S. Air Forces. Tens of thousands of British laborers built them at a cost of $440,000,000. Though the Ninth Air Force has now moved to bases on the continent, the Eighth Air Force is still using those British bases for its daily raids on Germany.

We have also benefited greatly from British engineering and research in new weapons. No money valuation is put on this type of aid, but it is freely made available to us. The free exchange of scientific information between American and British engineers has led to great improvements in our war equipment.

FRANCE, BELGIUM, AND THE NETHERLANDS

French, Belgian, and Dutch industry and agriculture were forcibly harnessed to the Nazi scheme of world domination for more than four years,

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We have been able to produce more than our own forces could use effectively against the enemy. Our fighting allies, on the other hand, have generally required for their fighting forces most or all of the war supplies they could produce, in addition to what we could send them. The most important return we have received for the lend-lease supplies that we have sent has been the hastening of the day of final victory over our common enemies. But by October 1, 1944, we had received nearly 4 billion dollars' worth of reverse lend-lease supplies and services from our allies. Most of this aid has been provided to American forces overseas by the British Commonwealth, but increasing quantities are being supplied by France, Belgium, and the Netherlands to our troops on the continent. Table 10 on page 29 shows the sums that the British Commonwealth had expended for reverse lend-lease aid to United States up to October 1, 1944.

THE UNITED KINGDOM

The major share of the reverse lend-lease aid we have received has come from the United Kingdom. By October 1, 1944 the United Kingdom had spent $2,826,000,000 to procure the supplies and services furnished to us.

As our forces in the British Isles increased in number prior to D-Day, the rate at which we received reverse lend-lease also rose rapidly. In 1942 our forces received an estimated 1,121,000 tons of supplies; in 1943, 1,826,000 tons; and in only the first six months of 1944, 3,400,000 tons. During this entire period about one-third of all of the supplies and equipment currently required by the American Expeditionary Force in the British Isles was furnished as reverse lend-lease. Some branches of this expeditionary force received more of their day-to-day requirements under reverse lend-lease than from the United States.

Even though great numbers of American troops have moved from Britain to the continent, the United Kingdom continues to serve as a major source of supply for our operations on the continent. The U. S. forces besieged in Bastogne at the height of the Nazis' December counterattack, for example, received gasoline for their tanks and trucks in jerri-cans built in Britain under reverse lend-lease and dropped to them from planes. These are a few examples of the reverse lend-lease aid that we are receiving to help us in the drive on Germany:

A great artificial harbor installed on the Normandy beachheads, with a capacity equal to that of the port of Dover; millions of jerri-cans for American forces as they raced across France; large numbers of Bailey Bridges to move supplies across the rivers in Belgium and France; 1,000,000 spark plugs for American bombers; 300,000 paper gas tanks to give our fighters the extra range needed to accompany the Flying Fortresses on their deep penetrations over Germany; the cost of transporting many U. S. troops on British ships, including more than 320,000 on the world's two largest

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Chapter 4

REVERSE LEND-LEASE AID

The United States has never been bombed, it is far from the fighting fronts, and it has the greatest industrial capacity of all the United Nations. Due to the circumstances of our geographical position, we have therefore been called upon to give most in production and money toward winning the war, while our major fighting allies have been called upon to give most in lives, in destruction to their homelands and in the suffering of their people. The Russians have lost 5,300,000 soldiers besides millions of civilians who have met death at the hands of the Nazis. Untold millions of Chinese soldiers and civilians have been killed by the Japanese. The armed forces of the United Kingdom, with a population only one-third as large as ours, had by December 1, 1944, suffered 625,000 casualties not including more than 400,000 casualties of the Dominion, Indian, and Colonial forces. Nor does it include the more than 50,000 British civilians—men, women, and children—that had been killed by Nazi bombs up to June 30, 1944, before the V-1 and V-2 bombs had done most of their damage. Others of our allies have suffered proportionately heavy losses in lives and property.

REVERSE LEND-LEASE AID

Thousands of Dollars

	January-September 1944	Cumulative to October 1, 1944
United Kingdom	1,263,000	2,826,000
Australia	282,480	644,844
New Zealand	57,953	149,839
India	210,687	317,440
Total	1,814,120	3,938,123

Table 10

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the fighting in India and Burma. Some of the munitions were used by Chinese who were flown out of China and equipped with lend-lease weapons in India and flown back to Burma to help clear the Japs from the path of the American Army Engineers building the Ledo Road. Others were used by the combined British and Indian forces, under the command of Lord Louis Mountbatten, who have driven the Japanese out of India and back to within 25 miles of Mandalay and have landed on Ramree Island on the Southern coast of Burma.

We had sent by December 1, 1944, $71,000,000 worth of petroleum products to this theater. These have, however, consisted principally of special types of petroleum products not obtainable outside the United States. The major portion of the oil requirements for this theater—ours, as well as British, Chinese and Indian—are supplied from British oil resources in the Middle East. By that date we had also sent to this theater $404,000,000 worth of war production supplies. Most have gone to India, for India is a major United Nations arsenal which is turning out large quantities of munitions for American, Chinese, and British forces, as well as for her own. India's war industries turn out great quantities of high explosives, small arms, and ammunition; converted railroad shops produce armored cars and gun-mounts; small shops all over India have been converted to war production. Her shipyards turn out invasion barges, mine-sweepers and lighters. Her cotton mills make the light-weight uniform cloth that our own soldiers need for India's blazing hot climate.

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LEND-LEASE EXPORTS TO CHINA AND INDIA

Thousands of Dollars

Category	January–November 1944	Cumulative to December 1, 1944
Ordnance and Ammunition	31,221	249,196
Aircraft and Parts	312,953	502,254
Tanks and Parts	20,915	117,598
Motor Vehicles and Parts	105,214	252,711
Watercraft	13,434	36,445
Total Munitions	483,737	1,158,204
Industrial Materials and Products	203,045	475,367
Agricultural Products	80,433	126,510
Total	767,215	1,760,081

Table 9

airmen now flying against the Japanese from bases in China. With the new land route and the pipe line, and with the aerial highway "over the hump," which has already doubled the 15,000 tons per month that once moved over the old Burma Road, China can look forward to a steadily increasing stream of supplies.

Now that a new land route is open, plans have been made to increase our aid to China. The most urgent program is one to establish a military transportation system in China itself. It has been estimated that there are not more than 6,000 trucks in all Free China today and that half of these are approaching collapse. To remedy this situation a fleet of 15,000 American trucks will be delivered to China under lend-lease over this new land route. To help the Chinese in organizing a transportation system, more than a thousand Chinese will be sent to the United States under lend-lease for training and more than a thousand American technicians will be sent to the Far East to train additional thousands of Chinese to repair and maintain the lend-lease trucks. When this transportation system is established, the combined forces of the United Nations will be able to mount new and greater offensives from China.

Up to December 1, 1944, most of the supplies sent to the China-Burma-India theater had, of course, gotten no farther than India. There a portion of them were stock-piled ready for shipment to China when the new land route should open. But by far the greatest amount was put to good use in

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time to meet General MacArthur's needs for the invasion of the Philippines, Australia and New Zealand had supplied as reverse lend-lease 9,500 landing craft, barges, tug boats and other craft essential to the prosecution of an amphibious campaign over thousands of miles of ocean. Australia alone has supplied 1,500,000 army boots and shoes, over 1,750,000 army blankets, 7,500,000 pairs of socks, and almost 1,000,000 army shirts and jackets. New Zealand has supplied an equally impressive quantity—240,000 army blankets, 675,000 pairs of socks, 25,000 leather field jackets, and nearly 50,000 mattresses.

Tires and tubes offer a dramatic example of the manner in which the resources of the United Nations have been pooled for the defeat of the common enemy. Practically all of the tires and tubes required by our forces in the Southwest Pacific during 1944 were produced in Australian factories—over 250,000 tires and 280,000 tubes. Britain supplied the crude rubber from Ceylon; the United States supplied the cotton fabric, carbon black, and some of the other chemicals needed in tire production. Australian plants and Australian labor were used to manufacture these materials into tires and tubes. Lend-lease and reverse lend-lease were the machinery through which this pooling of supplies was made possible.

CHINA-BURMA-INDIA

Lend-lease supplies valued at $1,760,000,000 were sent to China and India up to December 1, 1944. In the first eleven months of 1944, lend-lease aid kept pace with the increasing tempo of the fighting in this theater; shipments amounted to $767,000,000—more than 43 per cent of the total. Almost 66 per cent of the total consisted of munitions, the balance being war production supplies and agricultural products. An additional $247,700,000 worth were also sent to U. S. commanding generals for subsequent transfer to China under lend-lease.

Our efforts to aid China have been hampered by transportation difficulties, for China has been cut off by land and sea since the Burma Road was lost in April 1942. But at last a new land route to China has been opened through northern Burma and the first motor convoy moving over it reached China on January 28, 1945, the day after combined American, British, and Chinese forces cleared away the last group of Japanese troops menacing the route. The convoy brought needed war supplies for use in the fighting in China. A continuous and increasing flow of supplies is following.

Paralleling this new land route to China, which runs from Ledo in India's northeastern province of Assam through Myitkyina and Bhamo in Burma to a point where it joins the old Burma Road, a 2,000-mile pipe line is being constructed under lend-lease to bring gasoline and oil for China's transportation system and aviation gasoline for the Chinese and American

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LEND-LEASE EXPORTS TO AUSTRALIA AND NEW ZEALAND

Thousands of Dollars

Category	January–November 1944	Cumulative to December 1, 1944
Ordnance and Ammunition	12,987	131,958
Aircraft and Parts	110,571	294,806
Tanks and Parts	793	55,294
Motor Vehicles and Parts	45,660	178,055
Watercraft	7,146	11,049
Total Munitions	177,157	671,162
Industrial Materials and Products	148,153	440,889
Agricultural Products	9,931	37,145
Total	335,241	1,149,196

Table 8

munitions, 38 percent industrial materials and petroleum products, and the rest agricultural products. Table 8 shows these exports broken down by major category.

With these and other munitions manufactured in their own factories, Australian and New Zealand troops, naval units, and air forces have continued to play an important part in the Southwest Pacific. Dutch airmen and troops in increasing numbers are also seeing action in this theater. These allied forces have fought along side American troops in New Guinea, New Britain, and the Solomons and are now doing most of the fighting in these areas as the greater portion of our forces have moved on to the Philippines.

The industrial materials and products supplied under lend-lease to Australia and New Zealand have been for the most part confined to raw materials and semi-fabricated articles. We are now sending such items as fertilizers and insecticides and farm machinery to increase food production, tinplate to use in canning the food for shipment to our armed forces in the Pacific theater, cotton for the production of military uniforms, tents and surgical dressings, and marine engines for installation in Australian-built hulls.

A large proportion of the goods produced with the aid of these lend-lease war production supplies is being furnished to our forces as reverse lend-lease and without payment by us. By June 30, 1944, which was well in

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Chapter 3

LEND-LEASE IN THE WAR AGAINST JAPAN

Our exports of lend-lease supplies to the Pacific and the Far East for the war against Japan amounted to more than $2,900,000,000 by December 1, 1944. More than 37 percent of these shipments left in the first 11 months of 1944. These supplies included 6,500 lend-lease planes and 3,000 lend-lease tanks which are being used against the Japanese by Australian, British, Chinese, Dutch, Indian, and New Zealand forces. We have also sent to U. S. commanding generals in this theater for subsequent transfer under lend-lease, munitions valued at $247,700,000. With this help from us, our allies are inflicting heavy damage on the same enemy our men are fighting.

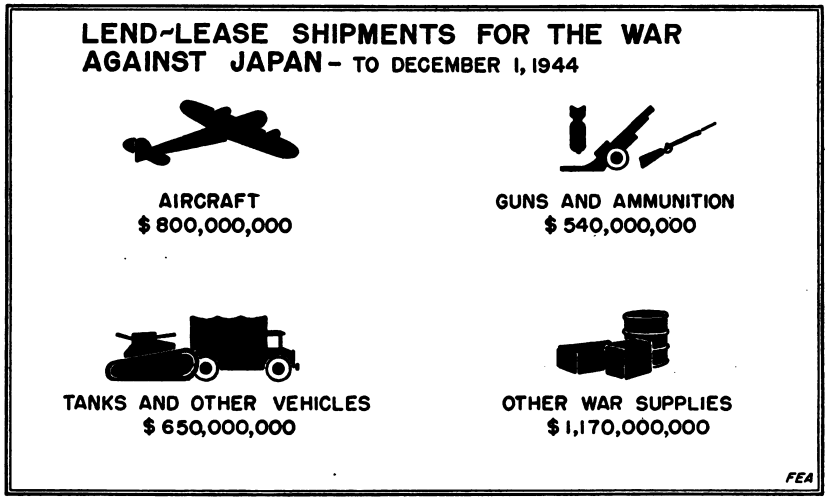


Chart 6

AUSTRALIA AND NEW ZEALAND

Lend-lease shipments to Australia and New Zealand up to December 1, 1944, totalled $1,149,000,000. In the first 11 months of 1944, shipments were valued at $335,000,000. About 58 percent of the total consisted of

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LEND-LEASE EXPORTS TO LATIN AMERICA

Thousands of Dollars

Category	January–November 1944	Cumulative to December 1, 1944
Ordnance and Ammunition	9,588	30,445
Aircraft and Parts	35,232	91,494
Tanks and Parts	7,755	30,503
Motor Vehicles and Parts	6,691	20,824
Watercraft	853	1,469
Total Munitions	60,119	174,735
Industrial Materials and Products	14,669	32,878
Agricultural Products	30	86
Total	74,818	207,699

Table 7

ing United States naval and air forces for use in other areas. In addition, the airport of Natal in Brazil, situated at the point in the Western Hemisphere closest to Africa has been a vital factor in the air passage of American planes, including lend-lease planes, en route to Africa, Europe, and Russia.

We have sent 950 trainer planes, petroleum products, and other supplies under lend-lease to Canada, for the account of other countries, to assist in training programs for pilots of the other United Nations. We have also furnished munitions to the Canadian forces through lend-lease, but we are reimbursed in full by the Canadian government for all such supplies.

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LEND-LEASE EXPORTS TO AFRICA, MIDDLE EAST, AND MEDITERRANEAN AREA

Thousands of Dollars

Category	January–November 1944	Cumulative to December 1, 1944
Ordnance and Ammunition	140,454	678,796
Aircraft and Parts	374,672	805,632
Tanks and Parts	174,533	619,696
Motor Vehicles and Parts	121,976	448,774
Watercraft	16,322	50,975
Total Munitions	827,957	2,603,873
Industrial Materials and Products	197,322	673,715
Agricultural Products	103,564	246,096
Total	1,128,843	3,523,684

Table 6

planes, including 1,600 medium bombers and 1,500 trainers. We have sent also to this theater more than 5,000 tanks and 75,000 motor vehicles.

These supplies have played an important part in the expulsion of the Nazis from Africa and the Mediterranean, the liberation of southern France, and the transport in the Middle East of vital material en route to the Soviet. Today, with Africa and the Middle East freed from the Axis, their principal role is in support of the allied forces fighting in Italy.

THE WESTERN HEMISPHERE

Lend-lease aid to the republics of Latin America for the defense of this Hemisphere and the vital sea lanes to Africa and Europe is limited to weapons of war and other supplies having a military end use. Shipments to these countries have amounted to $207,700,000 up to December 1, 1944, or about three-quarters of one per cent of total shipments to all nations. More than 44 per cent of the supplies shipped to Latin America have consisted of airplanes and airplane parts. Brazil, which has received more than half of all lend-lease aid sent to Latin America, has sent an expeditionary force of infantry and fliers to the Italian theater. With the ships and planes furnished under lend-lease, Brazil has also been able to take over a large part of the anti-submarine patrol in the South Atlantic, as Mexico and other Central American Republics have done in the Caribbean, thus releas-

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have used to build additional railroad cars in their own great plants. And to help maintain communications along the ever advancing supply lines, we have sent 333,000 field telephones and more than 1,000,000 miles of field telephone cable.

Before the Nazis overran the Ukraine in 1941 the Soviets themselves destroyed essential parts of the $110,000,000 Dnieperstroi Dam. The Nazis wrecked it further and other electrical plants as well, as they retreated. To provide electric power for war industries in liberated areas, we developed in this country a power train. It consists of a complete steam generating unit mounted on railroad flat cars, which can be moved from city to city or industry to industry as the need demands. As soon as the local utilities are functioning again, the power train moves on to "spark" the industries in another district. Up to December 1, 1944 we had sent 60 of these trains and the Soviets had already put some of them to good use in the Donets Basin.

One of the most vital needs of the Soviet Union has been industrial equipment to produce the vast quantities of war supplies required by the Soviet Armies. Under lend-lease we have sent machine tools, forging hammers and presses, cartridge manufacturing lines, and other machinery and equipment for war production and other war uses totaling $890,000,000. We have sent 2,120,000 tons of steel, 16,600 tons of ferro-alloys, which are used in the manufacture of tanks and other armaments, and 733,000 tons of nonferrous metals, including aluminum for airplanes, zinc for ammunition, and copper and brass for ammunition and communication equipment.

THE SOUTHERN FRONT

Lend-lease is playing its part, too, in the drive on Germany from the South. American and British ground forces are fighting shoulder to shoulder with the soldiers of many other United Nations. In this theater American troops presently constitute less than one-fifth of the total number involved, but American and British supplies have been pooled to equip the forces of France, Poland, Yugoslavia, Brazil, Czechoslovakia, South Africa, and India that are now engaging in Italy an estimated twenty-seven Nazi divisions that would otherwise be opposing American troops, as they fight through the Siegfried Line, or Soviet troops driving towards Berlin.

Total lend-lease supplies to the Mediterranean theater of war, including Africa and the Middle East, have amounted to $3,524,000,000, equivalent to 13.5 percent of lend-lease shipments to all theaters up to December 1, 1944. In the first eleven months of 1944 they amounted to $1,129,000,000 or 10.8 percent of the total shipped during these months to all countries, Nearly 75 percent of the supplies sent to this area under lend-lease are munitions, primarily for the French and British forces. Of these, the major share has been aircraft and parts. We have sent more than 5,000

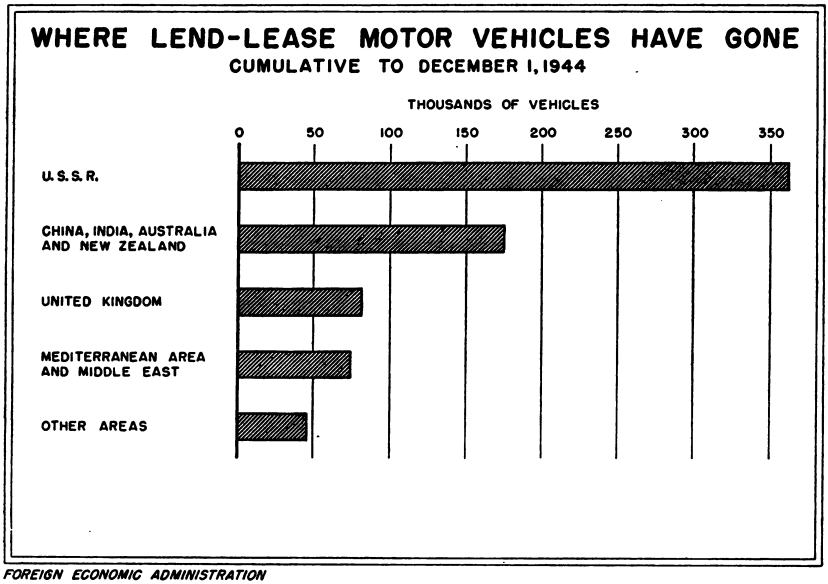
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the men of the American Air Forces. Further to supplement the Soviet air arm, we have sent 253,000 tons of aluminum to be used in the construction of planes, and 1,265,000 tons of petroleum products, including 419,000 tons of aviation gasoline and 560,000 tons of blending agents for the manufacture of aviation gasoline.

The Soviet armies that have covered such great distances in such a short time have required hundreds of thousands of motor vehicles and railroad cars, as well as vast quantities of communication equipment to support their overland advances. Lend-lease has played an important role in furnishing these to the Soviet armies.

Up to December 1, 1944, we had sent to the Soviet Union under lend-lease, 362,000 motor vehicles, including 46,000 jeeps and 29,000 motorcycles. One hundred and forty-four thousand of these were sent during the first 11 months of 1944 in preparation for the Soviet Army's great winter offensive. On some parts of the Eastern Front these American vehicles are carrying more than one-half the supplies moving up to the Soviet troops.



FOREIGN ECONOMIC ADMINISTRATION

Chart 5

In January 1944, in another effort to meet the tremendous demands of wartime transportation, a program to increase the capacity of the Soviet railroads was undertaken. By December 1, 1944, we had sent under this program 1,045 locomotives, 7,160 flat cars, 1,000 dump cars, and 100 tank cars. In addition we have sent 478,000 tons of railroad rails to help the Soviets rebuild the railroads in the devastated areas which they have liberated and 110,000 tons of railroad wheels and axles which the Soviets

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THE EASTERN FRONT

Lend-lease shipments to the Soviet Union up to December 1, 1944, amounted to $7,437,000,000, which was 28 percent of total lend-lease shipments to all countries. In the first 11 months of 1944 they amounted to $3,158,000,000, or 30 percent of the total to all nations during those months.

LEND-LEASE EXPORTS TO U. S. S. R.

Thousands of Dollars

Category	January–November 1944	Cumulative to December 1, 1944
Ordnance and Ammunition	183,212	768,099
Aircraft and Parts	525,733	1,376,253
Tanks and Parts	145,776	398,274
Motor Vehicles and Parts	458,854	1,013,471
Watercraft	72,920	182,486
Total Munitions	1,386,495	3,738,583
Industrial Materials and Products	1,238,466	2,401,453
Agricultural Products	532,566	1,296,731
Total	3,157,527	7,436,767

Table 5

The large quantities of munitions sent under lend-lease to support the great Soviet offensives have comprised the largest single item in the Soviet lend-lease program. They total $3,739,000,000, or one-half the value of lend-lease materials of all kinds shipped thus far to the Soviet Union. We have sent 6,000 tanks, 294,000 tons of explosives, mainly TNT and powder, 1,800 self-propelled guns, 135,000 sub-machine guns, 13,000 pistols, 1,200 half tracks, 29,000 motorcycles, 3,300 armored scout cars, 1,700 ordnance service vehicles, and 8,200 guns of various types, including anti-aircraft guns.

We have also sent 12,000 airplanes to the Soviet, more than to any other ally under the lend-lease program. American planes in the hands of Soviet pilots have been credited with remarkable achievements on the Eastern Front and have brought down hundreds of Nazi fliers who might otherwise have taken to the air over Normandy and Germany to challenge

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Petroleum products sent to the United Kingdom since the beginning of the program have amounted to $1,071,000,000, of which $608,000,000 worth were shipped during the first eleven months of 1944. These products have consisted primarily of aviation gasoline and motor gasoline for use by both British and American air and ground forces.

Industrial materials and equipment sent under lend-lease to the United Kingdom for war production and other war uses have amounted to a total of $1,768,000,000. These supplies have enabled Britain to make the fullest use of her great war production capacity with which she has produced an enormous volume of weapons and war supplies, not only for her own forces, but also for the forces of the United States, Russia, and other United Nations.

Lend-lease shipments of food and other agricultural products to the United Kingdom have amounted to $3,000,000,000, including 12,430,000,000 pounds of food to supplement the tremendously increased domestic food production program in the British Isles. In normal years, Britain imported large quantities of food from the Continent and Australia and New Zealand. All available foodstuffs now being produced in the liberated areas of Europe, in excess of local civilian needs, are going to meet the requirements of American and other allied forces on the Western Front. And our forces in the Pacific are receiving on reverse lend-lease a large part of the food produced by Australia and New Zealand.

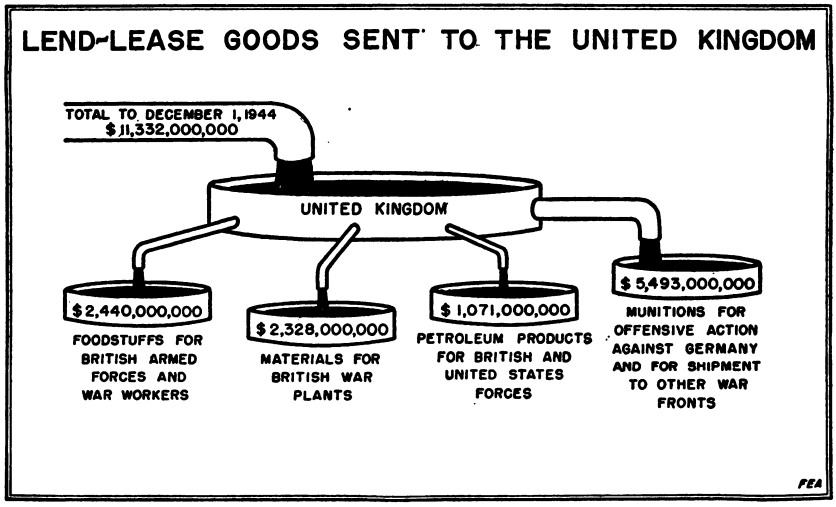


Chart 4

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United Kingdom up to December 1, 1944, amounted to $11,332,000,000, equivalent to 43 percent of shipments to all of our allies since the beginning of the lend-lease program. In the first 11 months of 1944 they totaled $4,680,000,000, or 45 percent of the total to all countries during these months.

The peak of the movement was reached in May, 1944, just prior to D-Day, when exports of lend-lease goods valued at $561,000,000 were shipped to United Kingdom ports. The need was especially great then on the eve of the landings in Normandy. British war industries were working at top speed to produce guns, tanks, and ammunition for use on the Normandy beaches and in the campaign to follow. Tremendous fleets of American and British fighters and bombers made thousands of sorties by day and night from British airfields to attack German supply depots and troop concentrations and paralyze German centers of war transportation and production. The number of American troops arriving for the invasion had increased the strain on British rail and highway facilities which were engaged in the tremendous task of moving men and material to the points of embarkation.

On D-Day 5,000 ships of all types and many thousands of planes carrying hundreds of thousands of allied soldiers, sailors, and airmen took off from British ports and airfields for Normandy. American and British airmen were present in approximately equal numbers. Most of the British-manned ships and planes were produced in Britain's great war industries. But some of both had come from the United States under lend-lease. Some of the British-built ships contained lend-lease steel and some of the British-built planes contained lend-lease engines. The U. S. tanks, trucks and other vehicles that waded ashore had been waterproofed by encasement in British steel plates. Some American pilots flew British Hurricanes; others flew American fighters powered with the great British Rolls-Royce Merlin engines, the designs for which were freely made available to us by the British even before we were attacked at Pearl Harbor. All of the American planes took off from British air bases built specially for our use at a cost to the British of hundreds of millions of dollars.

Almost one-half the total of all lend-lease shipments to the United Kingdom has consisted of munitions, valued at $5,493,000,000. The largest single item of lend-lease aid has been aircraft. We have sent 8,500 planes and our lend-lease exports of planes, engines, and parts to the United Kingdom are valued at $1,965,000,000. Planes sent to the British under lend-lease include medium and light bombers, pursuit planes, transports, trainers, and other types. We have also sent 12,400 tanks and 44,000 ordnance vehicles other than tanks, 27,000 trucks and 10,500 other motor vehicles.

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THE WESTERN FRONT

Today American forces are manning the long center section of the Western Front, with British and Canadian troops on their northern flank and French troops on their southern flank. The French army is equipped principally with American and British supplies. It consists of 8 divisions, plus 300 supporting units and an air force of 15,000 men. We supplied the French forces through December 31, 1944, with equipment and services amounting to approximately $700,000,000. Included were 255,000 small arms; 9,500 machine guns; 2,000 artillery pieces; 3,400 tanks and armored vehicles; 48,000 trucks and other vehicles; and nearly 1,100 planes. Part of these war supplies were furnished to French units which were organized and trained in North Africa, fought in the Italian Campaign, and drove to the Rhine from Southern France with General Patch's Seventh U. S. Army.

Now that France and Belgium have been liberated, additional forces are being recruited and trained. The British have assumed the responsibility for rearming the Belgian units. The United States will furnish the arms for an additional eight divisions for the French Army, as well as an additional sixty combat and service units for the French Air Force. Sections of the front they man need not be manned by American troops.

The British forces on the Western Front are equipped principally with supplies from British sources, although a vital portion of their supplies has been furnished under lend-lease. Shipments of lend-lease supplies to the

LEND-LEASE EXPORTS TO UNITED KINGDOM

Thousands of Dollars

Category	January–November 1944	Cumulative to December 1, 1944
Ordnance and Ammunition	804,912	1,714,331
Aircraft and Parts	1,020,931	1,965,073
Tanks and Parts	463,260	983,334
Motor Vehicles and Parts	326,630	588,421
Watercraft	62,916	241,716
Total Munitions	2,678,649	5,492,875
Industrial Materials and Products	1,145,204	2,839,678
Agricultural Products	856,497	2,999,934
Total	4,680,350	11,332,487

Table 4

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Chapter 2

LEND-LEASE IN THE WAR AGAINST GERMANY

In Europe the United Nations are engaged in decisive battles on German soil. The offensives upon Germany from the East, West, and South are in every sense of the word a combined operation. Lend-lease and reverse lend-lease are the supply mechanism for these coordinated offensives.

LEND-LEASE EXPORTS TO ALL COUNTRIES

Thousands of Dollars

	Jan.–Nov. 1944	Cumulative to Dec. 1, 1944
United Kingdom	4,680,350	11,332,487
U. S. S. R.	3,157,527	7,436,767
Africa, Middle East and Mediterranean Area	1,128,843	3,523,684
China and India	767,215	1,760,081
Australia and New Zealand	335,241	1,149,196
Latin America	74,818	207,699
Other Countries	269,215	745,256
Total	10,413,209	26,155,170

PERCENTAGE DISTRIBUTION

	Jan.–Nov. 1944	Cumulative to Dec. 1, 1944
	Percent	Percent
United Kingdom	45.0	43.3
U. S. S. R.	30.3	28.4
Africa, Middle East and Mediterranean Area	10.8	13.5
China and India	7.4	6.7
Australia and New Zealand	3.2	4.4
Latin America	.7	.8
Other Countries	2.6	2.9
Total	100.0	100.0

Table 3

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Lend-lease supplies are allocated to our allies only after careful consideration of the needs of our own armed forces and civilian population. Shortages of civilian goods in this country have been due largely to three factors: actual war-induced shortage of materials, production facilities, or manpower; the requirements of our armed forces; and a domestic civilian demand in excess of normal pre-war supply induced by greatly increased consumer incomes. A fourth factor, the importance of which has been greatly overstated in numerous false rumors, is the effect of lend-lease.

For example, shipments of cigarettes under lend-lease have been rumored as being responsible for the current cigarette shortage in the United States. The fact is that for every cigarette exported under lend-lease in 1944, we sent 26 to our forces overseas and smoked 55 in this country. Our total lend-lease shipments of cigarettes were equivalent to one cigarette per week for each adult civilian in the United States as shown by Chart 15, page 52. All cigarettes exported under lend-lease have gone to allied military forces; none to civilians. Lend-lease exports in 1944 took only 1¼ percent of our production. Our total exports of cigarettes, commercial and lend-lease, in the last three years have accounted for a smaller proportion of our production than was exported commercially in the three years before the war. Moreover, the cigarettes we have lend-leased have been manufactured to foreign specifications, and have not been standard American brands.

Shipping and Other Services

Total services rendered to our allies under lend-lease through December 1944 amount to $3,972,000,000, while $31,410,000,000 worth of goods were transferred. Services include primarily the repair and servicing in this country of allied men-of-war and merchant ships, the provision of ocean and inland transportation for lend-lease goods, the construction of factory and shipyard facilities in this country for the production of war supplies for ourselves as well as for our allies, and the training in this country of pilots and other personnel for United Nations air forces.

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enable them to use this steel to make tanks and guns. What the arsenals of our allies produce relieves to that extent the strain upon our own resources and manpower in the United States.

During the first eleven months of 1944, 55 percent of all lend-lease industrial raw materials and equipment went to Russia, far more than to any other country. These supplies included items such as iron and steel, nonferrous metals, machine tools, and power equipment, for use in the production of the vast quantities of guns, tanks, planes, and ammunition used by the Russian armies.

Small amounts of farm machinery, totalling less than 3 percent of United States production, have been sent to areas such as the United Kingdom, Australia, New Zealand, and North Africa where food production has had to be increased sharply during the war, in part to meet the needs of the large numbers of United States and other United Nations forces in the war theaters in which these areas are situated. The foods received as reverse lend-lease from Australia and New Zealand up to October 1, 1944, were equivalent to sixteen times the value of the farm implements supplied under lend-lease to these two countries to assist in their production of food for our own armed forces.

Foodstuffs and Other Agricultural Products

Foodstuffs and other agricultural products constitute 16 percent of all lend-lease transfers. We send food for the soldiers of our allies on the fighting fronts and for those on the production fronts behind the lines. Lend-lease food supplies in many cases have meant the difference between a starvation diet and the minimum essential ration. Lend-lease foodstuffs pack high nutritive value in small shipping space and supplement the deficiencies in the diets of the allied nations, especially in proteins, fats and vitamins.

Lend-lease shipments of food, important as they have been to our allies, took only 8 percent of our total food production in 1944.

The greatest shortage in meats in this country has been in beef. Yet in 1944, our lend-lease exports of beef were equivalent to only seven-tenths of one percent of our supply. The proportion was 1.7 percent in 1943 and three-tenths of one percent in 1942.

In spite of widely publicized food shortages and badly depleted stocks in food markets, the average American civilian had more to eat during the past year than before the war. The lower third in our income scale have had more money with which to buy more and better food than they have ever had before. A one-third increase in food production over pre-war years has made it possible to take care of the needs of our armed forces, to supplement the scanty rations of our allies, and to provide more food for each civilian in this country, on the average, than he had before the war.

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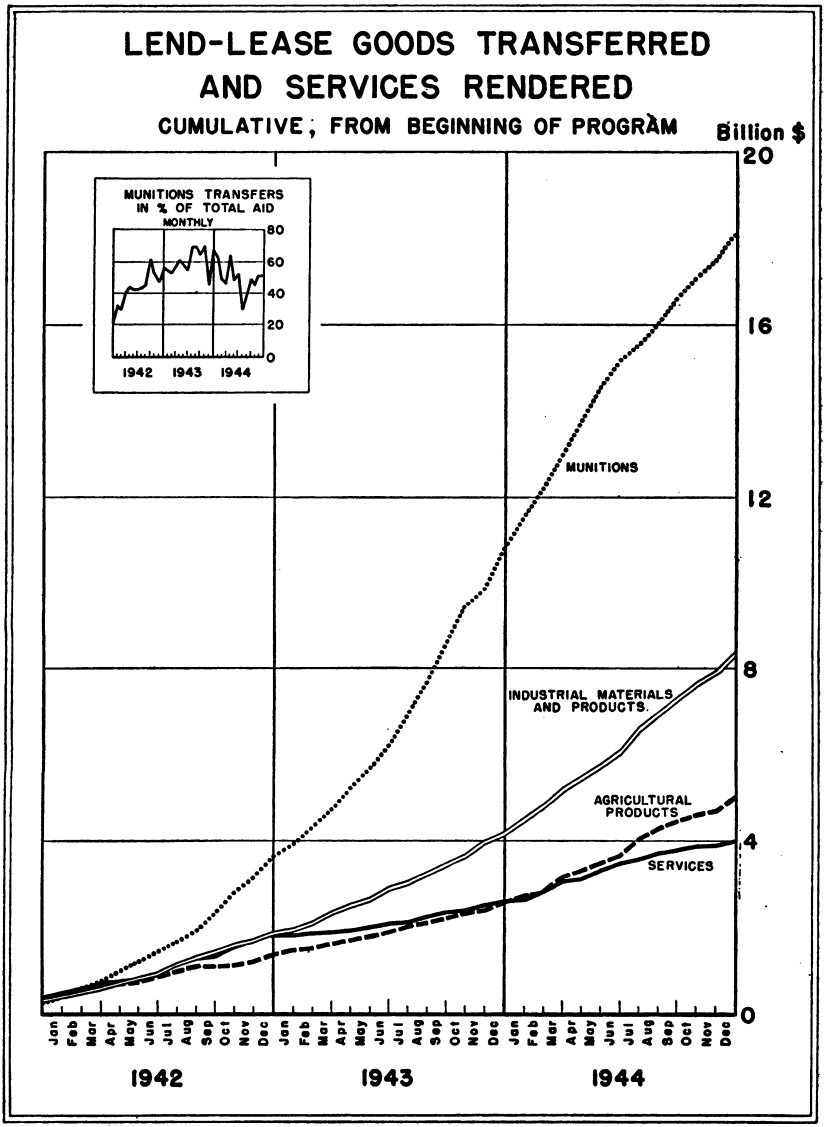
LEND-LEASE AID

Millions of Dollars

	Monthly			Cumulative		
	Goods	Services	Total	Goods	Services	Total
Jul 1941	73	28	101	175	72	247
Aug	95	31	126	270	103	373
Sep	144	37	181	414	140	554
Oct	131	50	181	545	190	735
Nov	165	70	235	710	260	970
Dec	200	74	274	910	334	1,244
Jan 1942	220	102	322	1,130	436	1,566
Feb	260	128	388	1,390	564	1,954
Mar	362	106	468	1,752	670	2,422
Apr	455	99	554	2,207	769	2,976
May	394	55	449	2,601	824	3,425
Jun	459	89	548	3,060	913	3,973
Jul	504	91	595	3,564	1,004	4,568
Aug	446	114	560	4,010	1,118	5,128
Sep	544	99	643	4,554	1,217	5,771
Oct	680	235	915	5,234	1,452	6,686
Nov	620	190	810	5,854	1,642	7,496
Dec	694	63	757	6,548	1,705	8,253
Jan 1943	627	55	682	7,175	1,760	8,935
Feb	656	41	697	7,831	1,801	9,632
Mar	663	24	687	8,494	1,825	10,319
Apr	720	63	783	9,214	1,888	11,102
May	716	74	790	9,930	1,962	11,892
Jun	954	77	1,031	10,884	2,039	12,923
Jul	1,018	32	1,050	11,902	2,071	13,973
Aug	1,114	147	1,261	13,016	2,219	15,235
Sep	1,121	76	1,197	14,137	2,294	16,431
Oct	1,028	73	1,101	15,165	2,368	17,533
Nov	971	105	1,076	16,136	2,473	18,609
Dec	1,300	77	1,377	17,436	2,550	19,986
Jan 1944	1,214	45	1,259	18,650	2,595	21,245
Feb	1,124	226	1,350	19,774	2,821	22,595
Mar	1,406	224	1,630	21,180	3,045	24,225
Apr	1,266	18	1,284	22,446	3,063	25,509
May	1,160	239	1,399	23,607	3,301	26,908
Jun	1,212	150	1,362	24,819	3,451	28,270
Jul	1,308	82	1,390	26,127	3,533	29,660
Aug	1,009	156	1,165	27,136	3,689	30,825
Sep	1,116	82	1,198	28,252	3,771	32,023
Oct	1,048	97	1,145	29,300	3,868	33,168
Nov	856	39	895	30,156	3,907	34,063
Dec	1,254	65	1,319	31,410	3,972	35,382

Table 16

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FOREIGN ECONOMIC ADMINISTRATION

Chart 8

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LEND-LEASE AID, BY CATEGORY

	Year 1944	Cumulative to Jan. 1, 1945
Goods Transferred:		
Munitions:		
Ordnance	$402,801,000	$1,198,545,000
Ammunition	752,414,000	2,398,731,000
Aircraft	2,224,300,000	4,326,483,000
Aircraft Engines, Parts, etc.	760,830,000	2,088,929,000
Tanks and Parts	1,362,275,000	3,279,215,000
Motor Vehicles and Parts	762,401,000	1,656,359,000
Watercraft	1,110,830,000	3,184,048,000
Total	7,375,851,000	18,132,310,000
Industrial Materials and Products:		
Machinery	789,194,000	1,636,571,000
Metals	659,421,000	1,656,558,000
Petroleum	845,977,000	1,568,184,000
Misc. Materials and Manufactures[1]	1,882,338,000	3,461,544,000
Total	4,176,930,000	8,322,857,000
Agricultural Products:		
Foods	2,171,468,000	4,261,605,000
Other Agricultural Products	249,537,000	693,456,000
Total	2,421,005,000	4,955,061,000
Total Transfers	13,973,786,000	31,410,228,000
Services:		
Rental of Ships, etc.	1,254,202,000	2,704,900,000
Servicing, Repair of Ships, etc.	124,967,000	532,335,000
Production Facilities in U. S.	23,461,000	628,519,000
Miscellaneous Expenses	20,095,000	106,664,000
Total Services	1,422,725,000	3,972,418,000
Total Direct Aid	15,396,511,000	35,382,646,000
Consignments to U. S. Commanding Generals for subsequent transfer under Lend-Lease	278,191,000	788,083,000

[1] A detailed break-down of this category, for the period to December 1, 1944, is given in Table 2, page 12.

Table 17

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DEFENSE AID ARTICLES CONSIGNED TO U. S. COMMANDING GENERALS FOR SUBSEQUENT TRANSFER UNDER LEND-LEASE TO FOREIGN GOVERNMENTS

Thousands of Dollars

CUMULATIVE FROM BEGINNING OF PROGRAM

	French Forces in North & West Africa	China	Other Countries	Total
Jan. 1944	320,725	215,543	13,219	549,487
Feb	341,025	219,703	14,438	575,166
Mar	363,459	211,496	15,506	590,461
Apr	384,091	217,247	15,877	617,215
May	410,986	224,276	23,332	658,594
Jun	420,369	227,002	30,870	678,241
Jul	427,353	211,939	19,006	658,298
Aug	439,907	217,817	20,851	678,575
Sep	449,623	224,111	23,604	697,338
Oct	475,097	238,843	24,820	738,760
Nov	497,479	247,732	24,858	770,069
Dec	.....	.....	.....	.....

CONSIGNMENTS TO DECEMBER 1, 1944, BY COUNTRY AND CATEGORY

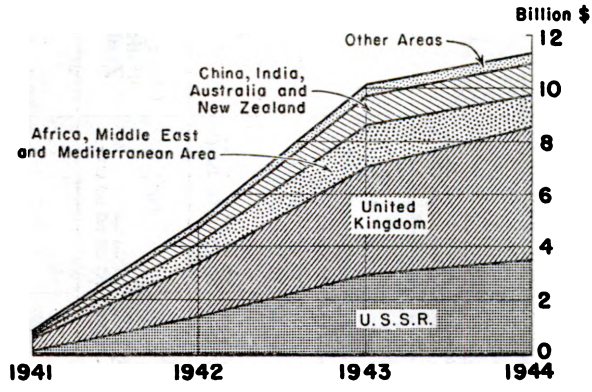
	French Forces in North & West Africa	China	Other Countries	Total
Ordnance and Ammunition	76,776	163,011	10,884	250,671
Aircraft and Parts	100,266	.....	39	100,305
Tanks and Vehicles	219,309	45,988	6,608	271,905
Miscellaneous Supplies	101,128	38,733	7,327	147,188
Total	497,479	247,732	24,858	770,069

Table 18

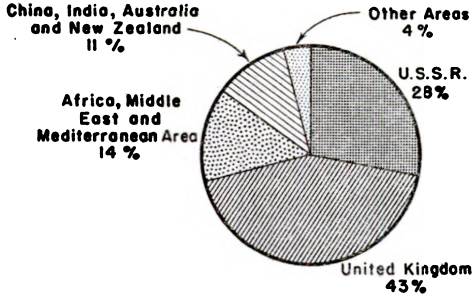
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WHERE LEND-LEASE EXPORTS HAVE GONE

ANNUAL EXPORTS BY WAR THEATERS



DISTRIBUTION OF TOTAL LEND-LEASE EXPORTS TO DATE



A substantial part of the lend-lease exports shown above as going to "Other Areas," amounting to 4 percent of the total, goes to Canada. Part of this is for the account of the United Kingdom, and represents war supplies transshipped to various war theaters or materials for processing into finished munitions. We have also sent trainer planes to Canada, for the account of other countries, for use in training United Nations pilots. In addition, lend-lease exports to Canada include goods purchased by Canada in United States through the lend-lease mechanism and for which Canada pays. Our lend-lease exports to Latin America, also included in exports to "Other Areas," account for less than 1 percent of our total lend-lease exports to all countries.

Chart 9

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LEND-LEASE EXPORTS—MONTHLY

Millions of Dollars

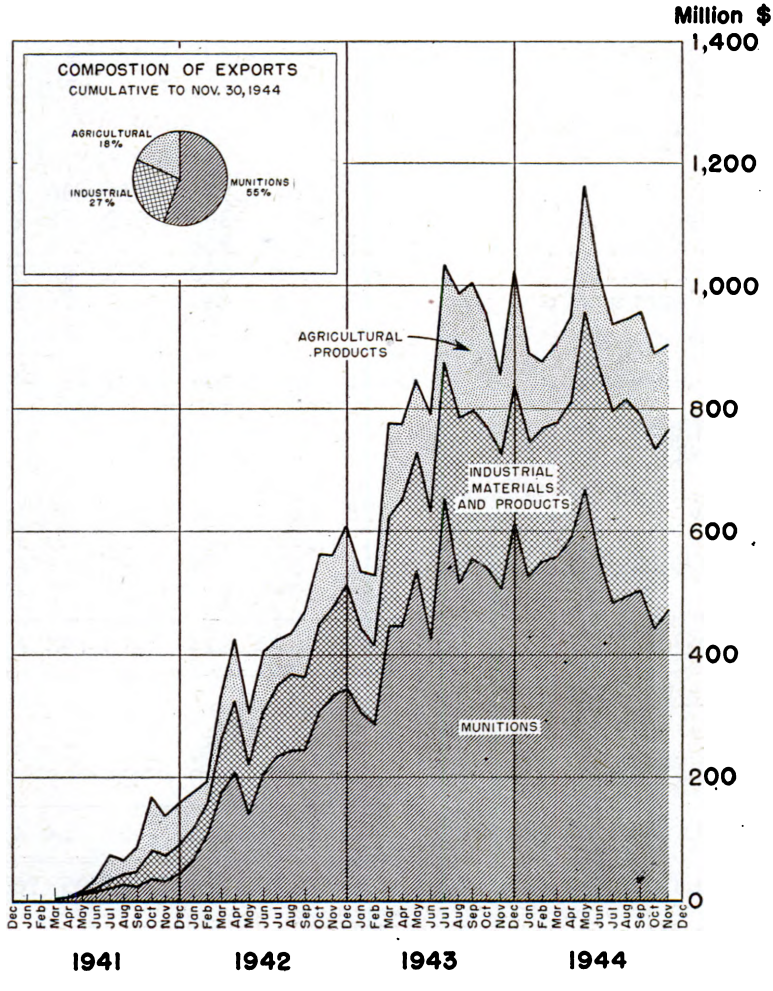
	United Kingdom	U. S. S. R.	Africa, Middle East, and Mediterranean Area	China, India, Australia, and New Zealand	Other Countries	Total
Jul 1941	49	.....	19	1	3	72
Aug	46	.....	14	5	2	67
Sep	74	.....	8	2	2	86
Oct	142	.....	12	12	1	167
Nov	107	.....	10	18	2	137
Dec	119	1	22	12	1	155
Jan 1942	105	15	24	18	13	175
Feb	79	55	26	22	12	194
Mar	149	97	25	47	11	329
Apr	144	164	45	55	17	425
May	144	70	37	47	8	306
Jun	210	110	35	36	14	405
Jul	175	103	66	59	21	424
Aug	152	150	58	56	18	434
Sep	214	102	71	67	18	472
Oct	223	128	98	82	31	562
Nov	203	191	95	54	18	561
Dec	207	167	112	97	24	607
Jan 1943	178	167	94	75	21	535
Feb	222	185	46	49	27	529
Mar	310	211	132	67	57	777
Apr	352	210	116	68	29	775
May	400	177	151	83	37	848
Jun	424	140	100	101	25	790
Jul	401	232	221	146	32	1,032
Aug	371	313	164	113	25	986
Sep	398	303	190	81	32	1,004
Oct	364	263	165	128	32	952
Nov	271	344	121	88	33	857
Dec	383	382	107	116	34	1,022
Jan 1944	341	313	114	91	31	890
Feb	412	233	122	77	34	878
Mar	436	260	89	89	37	911
Apr	449	253	128	91	29	950
May	561	315	131	130	23	1,160
Jun	476	286	91	130	34	1,017
Jul	399	335	85	87	30	936
Aug	404	305	105	76	38	928
Sep	414	302	100	109	26	951
Oct	421	255	80	102	32	890
Nov	367	300	84	120	31	902

Table 19

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LEND-LEASE EXPORTS

MONTHLY, BY CATEGORY



FOREIGN ECONOMIC ADMINISTRATION

Chart 10

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LEND-LEASE EXPORTS CUMULATIVE TO DECEMBER 1, 1944

Millions of Dollars

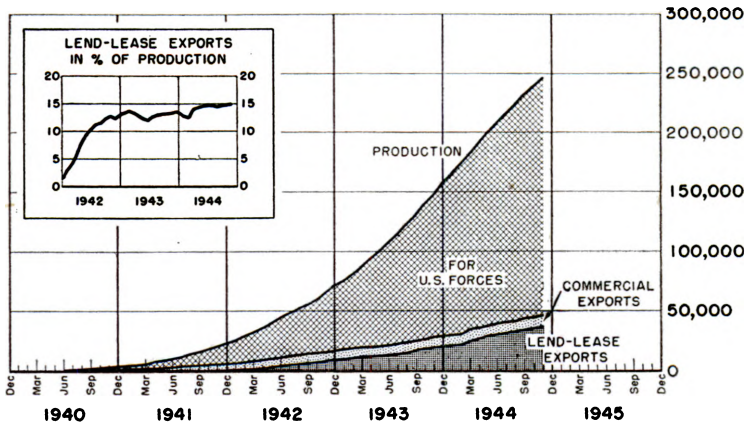
Category	United Kingdom	U. S. S. R.	Africa, Middle East, and Mediterranean Area	China, India, Australia, and New Zealand	Other Countries	Total
MUNITIONS						
Ordnance	551	302	285	161	86	1,385
Ammunition	1,163	466	394	220	78	2,321
Aircraft and Parts	1,965	1,376	806	797	494	5,438
Tanks and Parts	983	398	620	173	44	2,218
Motor Vehicles and Parts	589	1,014	448	431	74	2,556
Watercraft	242	183	51	47	23	546
Total Munitions	5,493	3,739	2,604	1,829	799	14,464
INDUSTRIAL MATERIALS AND PRODUCTS						
Machinery	528	980	147	234	38	1,927
Metals	727	756	192	251	30	1,956
Petroleum Products	1,071	66	78	207	13	1,435
Other	513	599	257	224	39	1,632
Total Industrial	2,839	2,401	674	916	120	6,950
AGRICULTURAL PRODUCTS						
Foodstuffs	2,440	1,151	226	129	32	3,978
Other Agric. Products	560	146	20	35	2	763
Total Agric. Products	3,000	1,297	246	164	34	4,741
Total	11,332	7,437	3,524	2,909	953	26.155

Table 20

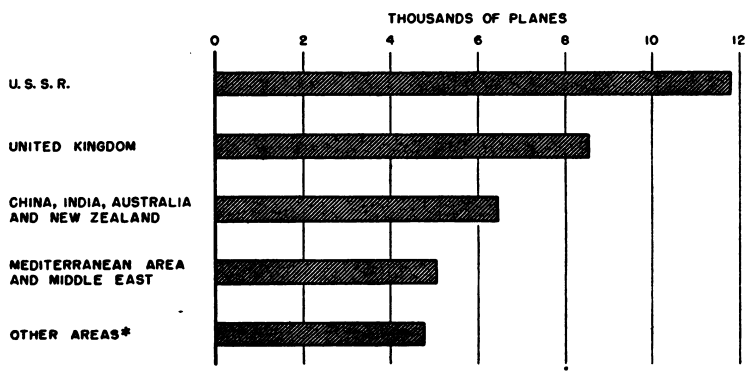
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PLANES

U. S. PRODUCTION AND EXPORTS
CUMULATIVE



WHERE LEND-LEASE PLANES HAVE GONE
CUMULATIVE TO DECEMBER 1, 1944



*Includes trainer planes sent to Canada for training United Nations pilots

FOREIGN ECONOMIC ADMINISTRATION

Chart 11

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LEND-LEASE FOOD SHIPMENTS IN PERCENT OF SUPPLY

Commodity	1942	1943	1944
All Meats	6.0	9.3	6.8
Beef and Veal	0.3	1.7	0.7
Lamb and Mutton	0.4	11.2	6.5
Pork	11.8	14.6	11.9
All Milk Products (Fluid Milk Equiv.)	3.6	3.8	4.6
Dry Whole Milk	6.6	13.1	11.1
Dry Skim Milk	23.0	37.4	29.8
Condensed and Evaporated Milk	9.7	12.9	14.1
Butter	0.8	4.1	4.1
Cheese	23.6	14.1	23.8
Eggs	9.5	12.4	11.8
Edible Fats and Oils	11.3	16.8	15.7
Canned Fish	17.3	26.5	9.9
Fruits:			
Canned Fruits and Juices	3.5	7.2	5.6
Dried Fruits	15.0	18.2	20.6
Vegetables:			
Canned Vegetables	1.0	1.3	3.0
Dried Beans	5.1	12.6	11.7
Dried Peas	7.6	10.2	12.9
Corn and Corn Products	0.2	0.1	0.1
Wheat and Wheat Products	0.4	0.9	0.6

Table 21

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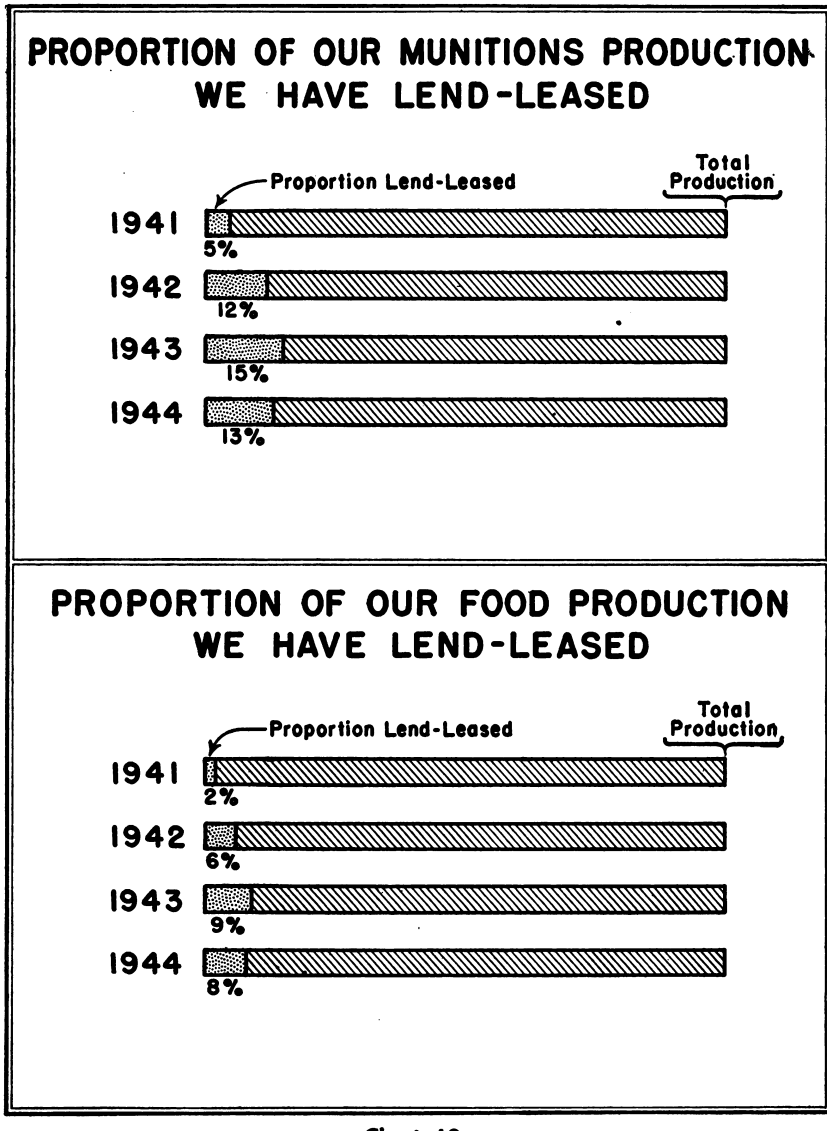
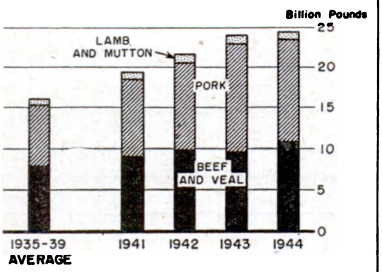


Chart 12

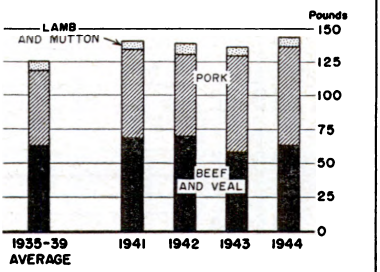
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MEAT
(DRESSED WEIGHT BASIS)

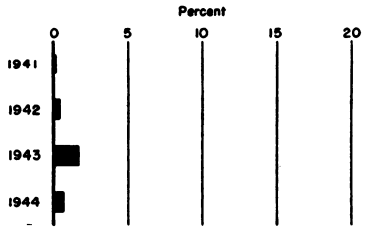
TOTAL U.S. PRODUCTION



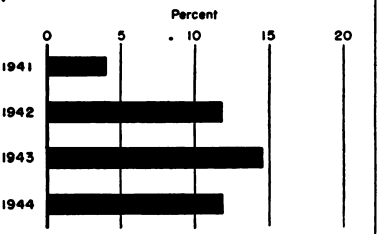
U. S. CIVILIAN CONSUMPTION PER CAPITA



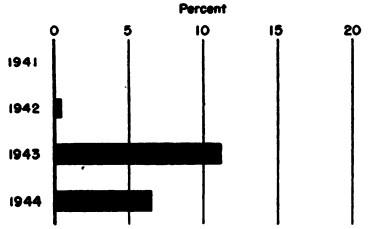
BEEF LEND-LEASED IN % OF TOTAL U.S. SUPPLY



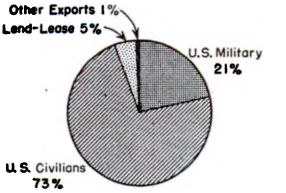
PORK LEND-LEASED IN % OF TOTAL U.S. SUPPLY



LAMB AND MUTTON LEND-LEASED IN % OF TOTAL U.S. SUPPLY



ALLOCATION BY W.F.A.
YEAR 1945



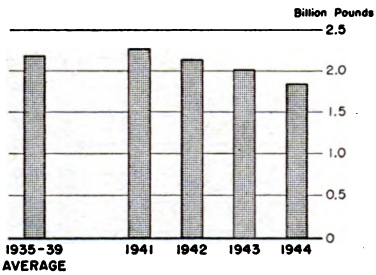
FOREIGN ECONOMIC ADMINISTRATION

Chart 13

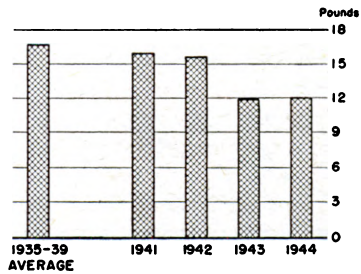
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BUTTER

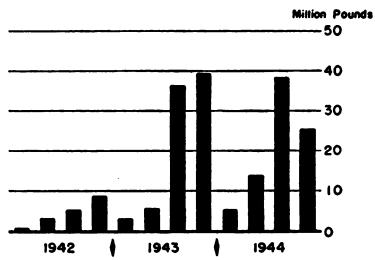
TOTAL U. S. PRODUCTION



U. S. CIVILIAN CONSUMPTION PER CAPITA

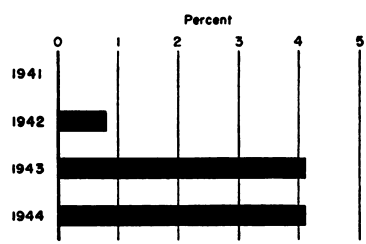


QUARTERLY DELIVERIES FOR LEND-LEASE EXPORT

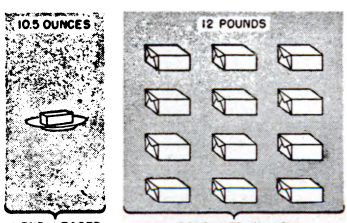


All butter which has been lend-leased has gone to the U.S.S.R. for the Russian Army

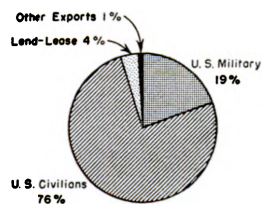
LEND-LEASE EXPORTS IN % OF TOTAL U.S. SUPPLY



AMOUNT LEND-LEASED COMPARED WITH CONSUMPTION IN U.S. YEAR 1944



ALLOCATION BY W.F.A. YEAR 1945



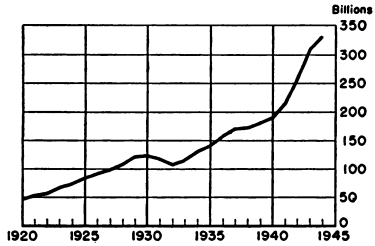
FOREIGN ECONOMIC ADMINISTRATION

Chart 14

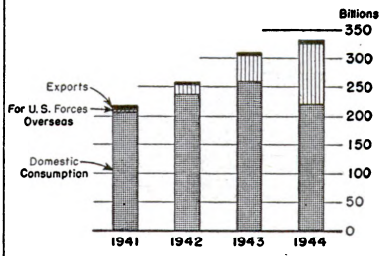
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CIGARETTES

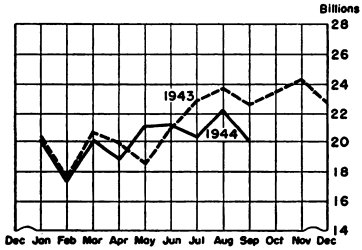
ANNUAL PRODUCTION IN THE UNITED STATES



DISTRIBUTION OF CIGARETTES

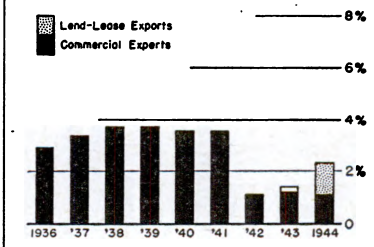


DOMESTIC CONSUMPTION

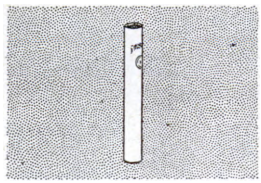


EXPORTS IN % OF PRODUCTION

EXCLUDING SHIPMENTS TO U. S. FORCES OVERSEAS

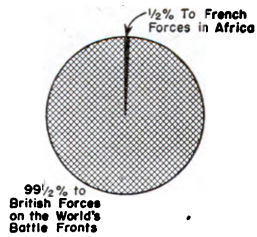


EFFECT OF LEND-LEASE ON OUR CIVILIAN SUPPLY



LEND-LEASE SHIPMENTS IN 1944 WERE EQUIVALENT TO ABOUT ONE CIGARETTE PER WEEK FOR EACH ADULT CIVILIAN IN THE UNITED STATES

WHERE LEND-LEASE CIGARETTES HAVE GONE



Lend-Leased for civilians: None

FOREIGN ECONOMIC ADMINISTRATION

Chart 15

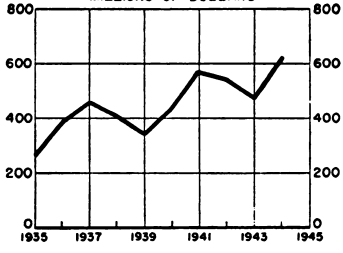
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FARM MACHINERY

U. S. PRODUCTION

EXCLUDING CRAWLER-TYPE TRACTORS

MILLIONS OF DOLLARS

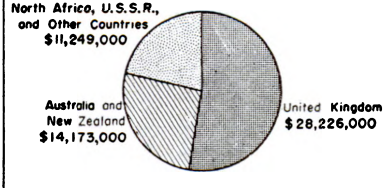


MACHINERY ON U.S. FARMS

JAN. 1	FARM TRACTORS	GRAIN COMBINES	CORN PICKERS
1940	1,545,000	190,000	110,000
1941	1,664,000	220,000	120,000
1942	1,844,000	269,000	130,000
1943	1,919,000	298,000	138,000
1944	1,953,000	312,000	146,000
1945	2,072,000	330,000	168,000

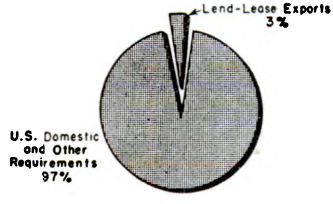
WHERE LEND-LEASE EXPORTS HAVE GONE

MARCH 11, 1941 - OCTOBER 31, 1944

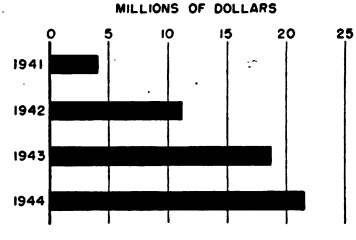


LEND-LEASE EXPORTS IN RELATION TO PRODUCTION

MARCH 11, 1941 - OCTOBER 31, 1944



LEND-LEASE EXPORTS



COMMENTS

Lend-leasing farm machinery instead of additional food has resulted in a substantial saving in shipping space and in a smaller drain on our food supply.

Increased food production in allied countries has been used in part for U.S. forces.

Allies' farm machinery plants were converted to ordnance production early in the war.

Lend-lease farm machinery has aided the British in increasing their farm production by 70%.

Lend-lease shipments have been kept at the absolute minimum necessary for our allies' production of the food essential to our joint war effort.

FOREIGN ECONOMIC ADMINISTRATION

Chart 16

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STATUS OF NATIONS

Lend-Lease Countries and United Nations

Country	Declared Eligible for Lend-Lease Aid	Lend-Lease Agreement Signed	Reciprocal Aid Agreement Signed	United Nations Declaration Signed	Earliest Date of Existence of State of War With Any Axis Power	Earliest Date of Severance of Diplomatic Relations With Any Axis Power
Argentina	May 6, 1941	.....	.....	.....	.....	Jan. 26, 1944
Australia	Nov. 11, 1941	(1)	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	.....
Belgium	June 13, 1941	June 16, 1942	Jan. 30, 1943	Jan. 1, 1942	May 9, 1940	.....
Bolivia	May 6, 1941	Dec. 6, 1941	.....	Apr. 27, 1943	Apr. 7, 1943	Jan. 28, 1942
Brazil	May 6, 1941	Mar. 3, 1942	.....	Feb. 6, 1943	Aug. 22, 1942	Jan. 28, 1942
Canada	Nov. 11, 1941	(4)	.....	Jan. 1, 1942	Sept. 10, 1939	.....
Chile	May 6, 1941	Mar. 2, 1943	.....	.....	.....	Jan. 20, 1943
China	May 6, 1941	June 2, 1942	.....	Jan. 1, 1942	Dec. 9, 1941	.....
Colombia	May 6, 1941	Mar. 17, 1942	.....	Jan. 17, 1944	Nov. 27, 1943[2]	Dec. 8, 1941
Costa Rica	May 6, 1941	Jan. 16, 1942	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Cuba	May 6, 1941	Nov. 7, 1941	.....	Jan. 1, 1942	Dec. 9, 1941	.....
Czechoslovakia	Jan. 5, 1942	July 11, 1942	.....	Jan. 1, 1942	Dec. 9, 1941	.....
Dominican Republic	May 6, 1941	Aug. 2, 1941	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Ecuador	May 6, 1941	Apr. 6, 1942	.....	.....	.....	Jan. 29, 1942
Egypt	Nov. 11, 1941	.....	.....	.....	.....	Sept. 3, 1939
El Salvador	May 6, 1941	Feb. 2, 1942	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Ethiopia	Dec. 7, 1942	Aug. 9, 1943	.....	July 28, 1942	Dec. 1, 1942	.....
France	(3)	(3)	(3)	Jan. 1, 1945	Sept. 3, 1939	.....
Greece	Mar. 11, 1941	July 10, 1942	.....	Jan. 1, 1942	Oct. 28, 1940	.....
Guatemala	May 6, 1941	Nov. 16, 1942	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Haiti	May 6, 1941	Sept. 16, 1941	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Honduras	May 6, 1941	Feb. 28, 1942	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Iceland	July 1, 1941	Nov. 21, 1941	.....	.....	.....	.....
India	Nov. 11, 1941	.....	.....	Jan. 1, 1942	Sept. 3, 1939	.....

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Iran	Mar. 10, 1942	.....	.....	Sept. 9, 1943	Sept. 9, 1943	Sept. 8, 1941
Iraq	May 1, 1942	.....	.....	Jan. 16, 1943	Jan. 16, 1943	June 7, 1941
Liberia	Mar. 10, 1942	June 8, 1943	.....	Apr. 10, 1944	Jan. 27, 1944	Oct. 2, 1942
Luxembourg	.....	.....	.....	Jan. 1, 1942	May 10, 1940	.....
Mexico	May 6, 1941	Mar. 18, 1943	.....	June 5, 1942	May 22, 1942	Dec. 19, 1941
Netherlands	Aug. 21, 1941	July 8, 1942	June 14, 1943	Jan. 1, 1942	May 10, 1940	.....
New Zealand	Nov. 11, 1941	(1)	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	.....
Nicaragua	May 6, 1941	Oct. 16, 1941	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Norway	June 4, 1941	July 11, 1942	.....	Jan. 1, 1942	Apr. 9, 1940	.....
Panama	May 6, 1941	.....	.....	Jan. 1, 1942	Dec. 7, 1941	.....
Paraguay	May 6, 1941	Sept. 20, 1941	.....	.....	.....	Jan. 28, 1942
Peru	May 6, 1941	Mar. 11, 1942	.....	.....	Feb. 12, 1945	Jan. 24, 1942
Philippines	.....	.....	.....	June 10, 1942	.....	.....
Poland	Aug. 28, 1941	July 1, 1942	.....	Jan. 1, 1942	Sept. 1, 1939	.....
Saudi Arabia	Feb. 18, 1943	.....	.....	.....	.....	Date uncertain.
South Africa	Nov. 11, 1941	.....	.....	Jan. 1, 1942	Sept. 6, 1939	.....
Turkey	Nov. 7, 1941	.....	.....	.....	.....	Aug. 2, 1944
United Kingdom	Mar. 11, 1941	Feb. 23, 1942	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	.....
United States	.....	.....	.....	Jan. 1, 1942	Dec. 7, 1941	.....
U. S. S. R	Nov. 7, 1941	June 11, 1942	.....	Jan. 1, 1942	June 22, 1941	.....
Uruguay	May 6, 1941	Jan. 13, 1942	.....	.....	.....	Jan. 25, 1942
Venezuela	May 6, 1941	Mar. 18, 1942	.....	.....	.....	Dec. 31, 1941
Yugoslavia	Nov. 11, 1941	July 24, 1942	.....	Jan. 1, 1942	Apr. 6, 1941	.....

[1] No Master Lend-Lease Agreement has been concluded with either Australia or New Zealand; but in the Reciprocal Aid Agreements entered into with these countries, they accepted the principles of the Lend-Lease Agreement with the United Kingdom as applicable to their lend-lease relations with the United States.

[2] Colombia declared a state of belligerency.

[3] Territory under the jurisdiction of the French National Committee was declared eligible to receive lend-lease aid on November 11, 1941, and a reciprocal aid agreement was entered into with the Committee on September 3, 1942. French North and West Africa were declared eligible to receive lend-lease aid on November 13, 1942. On September 25, 1943, a Lend-Lease Modus Vivendi Agreement governing lend-lease aid and reciprocal aid was entered into with the French Committee of National Liberation, successor to the French National Committee and to the Haut Commandement en Chef Civile et Militaire established in French North and West Africa after the events of November 1942. By informal agreement the arrangements set forth in the Modus Vivendi have been extended to Metropolitan France and the Colonies. A new lend-lease agreement is at the present under negotiation.

[4] In an exchange of notes dated November 30, 1942, Canada accepted the underlying principles of Article VII of the Master Agreement.

Table 22

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APPENDICES

Appendix 1

LEND-LEASE ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

Section 2

As used in this Act—

(a) The term "defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article described in this subsection;

(4) Any agricultural, industrial, or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

Section 3

(a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

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(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government, any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed $1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency, or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

(c) After June 30, 1945, or after the passage of a concurrent resolution by the two Houses before June 30, 1945, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1948, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1945, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

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Section 4

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense articles or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

Section 5

(a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President, from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

Section 6

(a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1948.

Section 7

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall, in all contracts or agreements for the disposition of any defense article or defense information, fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owner and holders of such patents.

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Section 8

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

Section 9

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

Section 10

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

Section 11

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

☆ ☆ ☆

On March 11, 1943, after affirmative votes of 407–6 in the House of Representatives and 82–0 in the Senate the President signed the Act extending the Lend-Lease Act until July 1, 1944.

On April 19, 1944, by vote of 344–21, the House of Representatives voted to extend the Lend-Lease Act until July 1, 1945, with the following amendment to section 3 (b) of the Act as follows (new matter in italics):

"The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory: *Provided, however, That nothing in this paragraph shall be construed to authorize the President in any final settlement to assume or incur any obligations on the part of the United States with respect to post-war economic policy, post-war military policy, or any post-war policy involving international relations except in accordance with established constitutional procedure.*"

On May 8, 1944, by vote of 63–1, the Senate also voted to extend the Act, with the same amendment as that adopted by the House except for deletion of the words "in any final settlement." On May 12 the House concurred in this change made by the Senate. On May 17 the President signed the Act.

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Appendix II

BRITISH MASTER AGREEMENT

Agreement Between the Governments of the United States of America and of the United Kingdom on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, Authorized and Provided for by the Act of March 11, 1941.

Whereas the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the President of the United States of America has determined, pursuant to the Act of Congress of March 11, 1941, that the defense of the United Kingdom against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the United Kingdom aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the United Kingdom receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the United Kingdom and will promote the establishment and maintenance of world peace;

And whereas the Governments of the United States of America and the United Kingdom are mutually desirious of concluding now a preliminary agreement in regard to the provisions of defense aid and in regard to certain considerations which shall be taken into account in determining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions and formalities which it may have been necessary to perform, fulfill, or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the United Kingdom have been performed, fulfilled, or executed as required;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

Article I

The Government of the United States of America will continue to supply the Government of the United Kingdom with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

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Article II

The Government of the United Kingdom will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities of information as it may be in a position to supply.

Article III

The Government of the United Kingdom will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act or permit the use thereof by anyone not an officer, employee, or agent of the Government of the United Kingdom.

Article IV

If, as a result of the transfer to the Government of the United Kingdom of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the United Kingdom will take such action or make such payment when requested to do so by the President of the United States of America.

Article V

The Government of the United Kingdom will return to the United States of America at the end of the present emergency, as determined by the President, such defense articles transferred under this Agreement as shall not have been destroyed, lost, or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

Article VI

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the United Kingdom subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

Article VII

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the

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two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

Article VIII

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this 23d day of February, 1942.

For the Government of the United States of America:

[SEAL] SUMNER WELLES,
Acting Secretary of State of the
United States of America.

For the Government of the United Kingdom
of Great Britain and Northern Ireland:

[SEAL] HALIFAX
His Majesty's Ambassador Extraordinary
and Plenipotentiary at Washington.

☆ ☆ ☆

Identical Master Lend-Lease Agreements have been signed with the following countries: Belgium, China, Czechoslovakia, Ethiopia, Greece, Liberia, The Netherlands, Norway, Poland, Union of Soviet Socialist Republics, and Yugoslavia. Australia and New Zealand have accepted the principles of the Master Agreements.

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Appendix III

RECIPROCAL AID AGREEMENTS

Reciprocal aid agreements with United Kingdom, Australia, New Zealand, and Fighting France were concluded September 3, 1942, by the following exchanges of notes. The first three agreements were signed in Washington and the agreement with Fighting France was signed in London.

Agreement With United Kingdom

The Honorable CORDELL HULL,
Secretary of State, United States Department of State,
Washington, D. C.

SIR: In the United Nations declaration of January 1, 1942, the contracting governments pledged themselves to employ their full resources, military or economic, against those nations with which they are at war and in the Agreement of February 23, 1942, each contracting government undertook to provide the other with such articles, services, facilities, or information useful in the prosecution of their common war undertaking as each may be in a position to supply. It is further the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the general principle to be followed in providing mutual aid as set forth in the said Agreement of February 23, 1942, is that the war production and the war resources of both Nations should be used by the armed forces of each and of the other United Nations in ways which most effectively utilize the available materials, manpower, production facilities, and shipping space.

With a view, therefore, to supplementing Article 2 and Article 6 of the Agreement of February 23, 1942, between our two Governments for the provision of reciprocal aid, I have the honour to setforth below the understanding of the Government of the United Kingdon of Great Britain and Northern Ireland of the principles and procedures applicable to the provision of aid by the Government of the United Kingdom of Great Britain and Northern Ireland to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services which each Government may authorize to be provided to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

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It is accordingly the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to the United Kingdom. The Government of the United Kingdom will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorizes in accordance with the Agreement of February 23, 1942.

3. The Government of the United Kingdom will provide the United States or its armed forces with the following types of assistance as such reciprocal aid, when it is found that they can most effectively be procured in the United Kingdom or in the British Colonial Empire:

(a) Military equipment, munitions, and military and naval stores.

(b) Other supplies, materials, facilities, and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of the United Kingdom as specified in paragraph 4.

(c) Supplies, materials, and services needed in the construction of military projects, tasks, and similar capital works required for the common war effort in the United Kingdom or in the British Colonial Empire, except for the wages and salaries of United States citizens.

(d) Supplies, materials, and services needed in the construction of such military projects, tasks, and capital works in territory other than the United Kingdom or the British Colonial Empire or territory of the United States to the extent that the United Kingdom or the British Colonial Empire is a more practicable source of supply than the United States or another of the United Nations.

4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities. Requests by the United States Government for such aid will be presented by duly authorized authorities of the United States to official agencies of the United Kingdom which will be designated or established in London and in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.

5. It is the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that all such aid, as well as other aid, including information, received under Article 6 of the Agreement of February 23, 1942, accepted by the President of the United States or his authorized representatives from the Government of the United Kingdom will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

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If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honour to be, with the highest consideration, Sir, your most obedient, humble servant,

HALIFAX.

September 3, 1942

His Excellency the Right Honorable The Viscount HALIFAX, K. G.,
British Ambassador.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of the United Kingdom of Great Britain and Northern Ireland to the armed forces of the United States of America.

In reply I wish to inform you that the Government of the United States agrees with the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland as expressed in that note. In accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

CORDELL HULL,
Secretary of State of the United States of America.

September 3, 1942

Agreement With Australia

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: As contracting parties to the United Nations Declaration of January 1, 1942, the Governments of the United States of America and the Commonwealth of Australia pledged themselves to employ their full resource, military and economic, against those nations with which they are at war.

With regard to the arrangements for mutual aid between our two governments, I refer to the agreement signed at Washington on February 23, 1942, between the Governments of the United States of America and the United Kingdom on principles applying to mutual aid in the present war authorized and provided for by the Act of Congress of March 11, 1941, and have the honour to inform you that the Government of the Commonwealth of Australia accepts the principles therein contained as governing the provision of mutual aid between itself and the Government of the United States of America.

It is the understanding of the Government of the Commonwealth of Australia that the general principle to be followed in providing such aid is that the war production and war resources of both nations should be

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used by the armed forces of each, in the ways which most effectively utilize available materials, manpower, production facilities, and shipping space.

I now set forth the understanding of the Government of the Commonwealth of Australia of the principles and procedure applicable to the provision of aid by the Government of the Commonwealth of Australia to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is my understanding that the general principles to be applied to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services which each Government may authorize to be provided to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly my understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to Australia. The Government of Australia will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorizes in accordance with the principles enunciated in this note.

3. The Government of Australia will provide as reciprocal aid the following types of assistance to the armed forces of the United States in Australia or its territories and in such other cases as may be determined by common agreement in the light of the development of the war.

(a) Military equipment, ammunition, and military and naval stores.

(b) Other supplies, materials, facilities, and services for the United States forces except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Australian Government as specified in paragraph 4.

(c) Supplies, materials, and services needed in the construction of military projects, tasks, and similar capital works required for the common war effort in Australia and in such other places as may be determined, except for the wages and salaries of United States citizens.

4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities. Requests by the United States Government for such aid will be presented by duly authorized authorities of the United States to official agencies of the Commonwealth of Australia which will be designated or established in Can-

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berra and in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.

5. It is my understanding that all such aid accepted by the President of the United States or his authorized representatives from the Government of Australia will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honor to be with the highest consideration, Sir, your obedient servant,

OWEN DIXON.

September 3, 1942.

The Honorable Sir OWEN DIXON, K. C. M. G.,
Minister of Australia.

SIR: I have the honor to acknowledge receipt of your note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of the Commonwealth of Australia to the armed forces of the United States of America.

In reply I have the honor to inform you that the Government of the United States of America likewise accepts the principles contained in the agreement of February 23, 1942, between it and the Government of the United Kingdom as governing the provision of mutual aid between the Governments of the United States and of the Commonwealth of Australia. My Government agrees with the understanding of the Government of the Commonwealth of Australia as expressed in your note of today's date, and, in accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

CORDELL HULL,
Secretary of State of the United States of America.

September 3, 1942.

Agreement With New Zealand

The Honorable CORDELL HULL,
Secretary of State,
United States Department of State,
Washington, D. C.

SIR: As contracting parties to the United Nations Declaration of January 1, 1942, the Governments of the United States of America and New Zealand

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pledged themselves to employ their full resources, military and economic, against those nations with which they are at war.

In the Agreement of February 23, 1942, between the Governments of the United Kingdom and of the United States of America, the provisions and principles of which the Government of New Zealand considers applicable to its relations with the Government of the United States, each contracting Government undertook to provide the other with such articles, services, facilities, or information useful in the prosecution of their common war undertaking as each may be in a position to supply.

It is the understanding of the Government of New Zealand that the general principle to be followed in providing such aid is that the war production and war resources of both nations should be used by each, in the ways which most effectively utilize available materials, manpower, production facilities, and shipping space.

I now set forth the understanding of the Government of New Zealand of the principles and procedure applicable to the provision of aid by the Government of New Zealand to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is my understanding that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services to be provided by each Government to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly my understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its production made available to New Zealand. The Government of New Zealand will provide on the same terms and as reciprocal aid so much of its production made available to the United States as it authorizes in accordance with the principles enunciated in this note.

3. The Government of New Zealand will provide the United States or its armed forces with the following types of assistance, as such reciprocal aid, when it is found that they can most effectively be procured in New Zealand.

(a) Military equipment, munitions, and military and naval stores.

(b) Other supplies, materials, facilities, and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of New Zealand as specified in Paragraph 4.

(c) Supplies, materials, and services needed in the construction of military projects, tasks, and similar capital works required for the common war

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effort in New Zealand, except for the wages and salaries of United States citizens.

(d) Supplies, materials, and services needed in the construction of such military projects, tasks, and capital works in territory other than New Zealand or territory of the United States to the extent that New Zealand is a more practicable source of supply than the United States or another of the United Nations.

4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities.

5. It is my understanding that all such aid accepted by the President of the United States or his authorized representatives from the Government of New Zealand will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this agreement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honour to be, Sir,

Your obedient servant,

WALTER NASH,
Minister of New Zealand.

September 3, *1942*

The Honorable WALTER NASH,
Minister of New Zealand.

SIR: I have the honor to acknowledge receipt of your note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of New Zealand to the armed forces of the United States of America.

In reply I have the honor to inform you that the Government of the United States of America likewise considers the provisions and principles contained in the agreement of February 23, 1942, between it and the Government of the United Kingdom as applicable to its relations with the Government of New Zealand. My Government agrees with the understanding of the Government of New Zealand as expressed in your note of today's date, and, in accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

CORDELL HULL,
Secretary of State of the United States of America.

September 3, *1942*

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Agreement With French National Committee

TEXT OF NOTE TO GENERAL DAHLQUIST FROM FRENCH NATIONAL COMMITTEE

The French National Committee sets forth below its understanding of the principles governing the provision of reciprocal aid by the United States of America to Fighting France and by Fighting France to the United States:

1. The United States of America will continue to supply Fighting France with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

2. Fighting France will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities, or information as it may be in a position to supply.

3. The fundamental principle to be followed in providing such aid is that the war production and war resources of Fighting France and of the United States of America should be used by the armed forces of each in the ways which most effectively utilize available materials, manpower, production facilities, and shipping space. While each retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

4. As to financing the provision of such aid, within the fields mentioned below, it is the Committee's understanding that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services to be provided by each to the other shall be in the form of reciprocal aid.

It is accordingly the Committee's understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to Fighting France. Fighting France will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorized in accordance with the principles enunciated in this note.

5. Within the territories under the control of Fighting France, or within the same theater of operations, the National Committee will provide the United States or its armed forces with the following types of assistance, as such reciprocal aid, when it is found that they can most effectively be procured in territory under the control of Fighting France:

(a) Military equipment, munitions, and military and naval stores.

(b) Other supplies, materials, facilities, and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of Fighting France as specified in paragraph 6.

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(c) Supplies, materials, and services, except for the wages and salaries of United States citizens, needed in the construction of military projects, tasks, and similar capital works required for the common war effort in territory under the control of Fighting France, or in the same theater of operations, to the extent that such territory is the most practicable source of supply.

6. The practical application of the principles formulated in this note, including the procedure by which requests for aid are made and acted upon, shall be worked out by agreement as occasion may require through the appropriate military or civilian administrative authorities. Requests by the United States forces for such aid will be presented by their duly authorized authorities to official agencies of Fighting France which will be designated or established in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.

7. It is the Committee's understanding that all such aid accepted by the President of the United States or his authorized representatives from Fighting France will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each.

If the Government of the United States concurs in the foregoing, the present note and a reply to that effect will be regarded as placing on record the understanding in this matter.

TEXT OF NOTE TO FRENCH NATIONAL COMMITTEE FROM GENERAL DAHLQUIST

The Government of the United States of America agrees with the understanding of the National Committee, as expressed in the English text of the Committee's note of today's date, concerning the principles and procedures applicable to the provisions of aid by Fighting France to the armed forces of the United States of America and, in accordance with the suggestion contained therein, that note and this reply will be regarded as placing on record the understanding in this matter.

September 3, 1942

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Appendix IV

MODUS VIVENDI ON RECIPROCAL AID IN FRENCH NORTH AND WEST AFRICA

The Government of the United States and the French Committee of National Liberation, desirous of lending each other the reciprocal aid necessary to the prosecution of the joint war effort, are agreed upon the following provisional Modus Vivendi which will, following signature, be applicable in French North and West Africa:

I. With reference to supplies and services urgently needed to maintain the French war effort, which the United States has furnished to the French authorities and will continue to furnish, within limitations of need and supply, it is understood that:

(a) Military aid, including supplies for railroads, docks, public utilities, and other facilities to the extent that such supplies are determined to be military aid is made available on a straight Lend-Lease basis, in the light of the considerations set forth in Paragraph V. Such aid does not include the pay and allowances of French forces. The United States reserves the right to require the return of any articles furnished under this paragraph and not lost, destroyed, or consumed,

(i) if at any time it is decided that such restitution would be an advantage in the conduct of the war, or

(ii) if at the end of the present emergency as determined by the President of the United States, the President shall determine that such articles are useful in the defense of the United States or of the Western Hemisphere, or to be otherwise of use to the United States.

(b) For all civilian supplies imported from the United States, the French authorities will pay upon the basis of prices to be agreed. Payment will be made, currently at convenient intervals, in dollars, to an appropriately designated account in the United States.

(c) The distinction between civilian and military aid, supplies and services, where such distinction may be necessary, will be made by agreement.

(d) All aid furnished under Paragraph I (a) and I (b) will be made available by the United States under the authority and subject to the terms and conditions provided for in the Act of Congress of 11 March 1941, as amended (P. L. 11, 77th Congress, 1st Session).

II. With reference to supplies and services urgently needed to maintain the United States war effort, which the French authorities have furnished to the United States and will continue to furnish, within limitations of need and supply, it is understood that:

(a) The French authorities undertake to make available to or for the use of the armed forces and other governmental agencies of the United States, as reverse Lend-Lease aid to the United States, on a straight Lend-Lease

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basis, when it is found that such aid can most effectively be procured in territory under their control.

(i) military equipment, munitions, and military and naval stores;

(ii) other supplies, materials, facilities, and services for United States forces, including the use of railway and port facilities, but not including the pay and allowances of such forces nor the administrative expenses of American missions;

(iii) supplies, materials, facilities, and services, except for the wages and salaries of United States citizens, needed in the construction of military projects, tasks, and similar capital works required in the common war effort, to the extent that French North or West Africa is the most practicable source of such supplies, materials, facilities, or services;

(iv) such other supplies, materials, services, or facilities as may be agreed upon as necessary in the prosecution of the war, but not including exports of civilian supplies to the United States from North and West Africa.

While the French authorities retain, of course, the right of final decision, subject to the obligations and arrangements they have entered into for the prosecution of the war, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

(b) All civilian supplies exported from French North and West Africa to the United States will be paid for on the basis of prices to be agreed. Payment will be made currently, at convenient intervals, in dollars, to an appropriate designated account in the United States.

(c) The distinction between civilian and military aid, supplies and services, where such distinction may be necessary, will be made by agreement.

(d) In order to obtain the supplies and services included within the scope of Paragraph II (a), duly authorized United States officers or other officials will submit their requests to the official services duly designated by the French authorities. These services will be established in Algiers, Casablanca, Oran, Tunis, Dakar, and other places where it may be found practicable and convenient to establish organizations for facilitating the transfer of reciprocal aid.

(e) For use in those exceptional cases, and particularly in cases of local procurement of supplies, in which it is agreed to be more practicable to secure such reverse Lend-Lease supplies, facilities, and services by direct purchase, rather than by the method of procurement set forth in Paragraph II (b), it is agreed that the French authorities establish a franc account in convenient banking institutions and in the name of a designated officer of the United States to facilitate the provision of reverse Lend-Lease aid as contemplated by Paragraph II (a). The French contributions to this account will be mutually agreed upon from time to time in the light of the changing needs of the American forces, and other appropriate factors. Such an

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account will not be used for the payment of wages and salaries of American military or civilian personnel, nor for administrative expenses of American missions. Estimates of the franc requirements of the United States will be submitted to designated French authorities from time to time, as may be found convenient. The French authorities will be kept fully and currently informed of all transactions in this account.

III. In exceptional cases, and when they deem it preferable, the American military forces, or other agencies of the United States Government, may continue to use their present practice of acquiring francs against dollars from the French authorities.

IV. Adequate statistical records will be kept of all goods and services exchanged as mutual aid under paragraphs I and II above.

V. The provisions of this modus vivendi correspond to a desire to reduce to an appropriate minimum the need of either party for currency of the other party. Provisions which call for payments in dollars have been decided upon in view of the special situation arising from accumulated dollar balances and availabilities of dollar funds due to the presence of United States troops in French North and West Africa. Revision of the payment provisions of this modus vivendi will be made should the situation require.

Signed at Algiers this 25th day of September, A. D. 1943.

For the Government of the United States of America:

/s/ ROBERT MURPHY

For the French Committee of National Liberation:

/s/ MASSIGLI

/s/ JEAN MONNET

September 25, 1943.

Appendix V

EXECUTIVE ORDER ESTABLISHING FOREIGN ECONOMIC ADMINISTRATION

By virtue of the authority vested in me by the Constitution and the statutes of the United States, as President of the United States and Commander in Chief of the Army and Navy, and in order to unify and consolidate governmental activities relating to foreign economic affairs, it is hereby ordered as follows:

1. There is established in the Office for Emergency Management of the Executive Office of the President the Foreign Economic Administration (hereinafter referred to as the Administration), at the head of which shall be an Administrator.

2. The Office of Lend-Lease Administration, the Office of Foreign Relief and Rehabilitation Operations, the Office of Economic Warfare (together with the corporations, agencies, and functions transferred thereto by

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Executive Order No. 9361 of July 15, 1943), the Office of Foreign Economic Coordination (except such functions and personnel thereof as the Director of the Budget shall determine are not concerned with foreign economic operations) and their respective functions, powers, and duties are transferred to and consolidated in the Administration.

3. The Administrator may establish such offices, bureaus, or divisions in the Administration as may be necessary to carry out the provisions of this order, and may assign to them such of the functions and duties of the offices, agencies, and corporations consolidated by this order as he may deem desirable in the interest of efficient administration.

4. The powers and functions of the Administration shall be exercised in conformity with the foreign policy of the United States as defined by the Secretary of State. As soon as military operations permit, the Administration shall assume responsibility for and control of all activities of the United States Government in liberated areas with respect to supplying the requirements of and procuring materials in such areas.

5. All the personnel, property, records, funds (including all unexpended balances of appropriations, allocations, or other funds now available), contracts, assets, liabilities, and capital stock (including shares of stock) of the offices, agencies, and corporations consolidated by paragraph 2 of this order are transferred to the Administration for use in connection with the exercise and performance of its functions, powers, and duties. In the case of capital stock (including shares of stock), the transfer shall be to such agency, corporation, office, officer, or person as the Administrator shall designate. The Administrator is authorized to employ such personnel as may be necessary in the performance of the functions of the Administration and in order to carry out the purposes of this order.

6. No part of any funds appropriated or made available under Public Law 139, approved July 12, 1943, shall hereafter be used directly or indirectly by the Administrator for the procurement of services, supplies, or equipment outside the United States except for the purpose of executing general economic programs or policies, formally approved by a majority of the War Mobilization Committee in writing filed with the Secretary of State prior to any such expenditure.

7. All prior Executive Orders insofar as they are in conflict herewith are amended accordingly. This order shall take effect upon the taking of office by the Administrator, except that the agencies and offices consolidated by paragraph 2 hereof shall continue to exercise their respective functions pending any contrary determination by the Administrator.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *September 25, 1943.*

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Appendix VI

EXECUTIVE ORDER ESTABLISHING OFFICE OF LEND-LEASE ADMINISTRATION

By virtue of the authority vested in me by the Constitution and statutes of the United States, and particularly by the Act of March 11, 1941, entitled "An Act further to promote the defense of the United States and for other purposes" (hereafter referred to as the Act), and by the Defense Aid Supplemental Appropriation Act, 1941, approved March 27, 1941, and acts amendatory or supplemental thereto, in order to define further the functions and duties of the Office for Emergency Management of the Executive Office of the President in respect to the national emergency as declared by the President on May 27, 1941, and in order to provide for the more effective administration of those Acts in the interests of national defense, it is hereby ordered as follows:

1. There shall be in the Office for Emergency Management of the Executive Office of the President an Office of Lend-Lease Administration, at the head of which shall be an Administrator, appointed by the President, who shall receive compensation at such rate as the President shall approve and, in addition, shall be entitled to actual and necessary transportation subsistence, and other expenses incidental to the performance of his duties.

2. Subject to such policies as the President may from time to time prescribe, the Administrator is hereby authorized and directed, purusant to Section 9 of the Act, to exercise any power or authority conferred upon the President by the Act and by the Defense Aid Supplemental Appropriation Act, 1941, and any acts amendatory or supplemental thereto, with respect to any nation whose defense the President shall have found to be vital to the defense of the United States: *Provided*, That the master agreement with each nation receiving lend-lease aid, setting forth the general terms and conditions under which such nation is to receive such aid, shall be negotiated by the State Department, with the advice of the Economic Defense Board and the Office of Lend-Lease Administration.

3. The Administrator shall make appropriate arrangements with the Economic Defense Board for the review and clearance of lend-lease transactions which affect the economic defense of the United States as defined in Executive Order No. 8839 of July 30, 1941.

4. Within the limitation of such funds as may be made available for that purpose, the Administrator may appoint one or more Deputy or Assistant Administrators and other personnel, delegate to such Deputy or Assistant Administrators any power or authority conferred by these orders, and make provision for such supplies, facilities, and services as shall be necessary to carry out the provisions of this Order. Insofar as practicable, the Office of Lend-Lease Administration shall use such general business services and facilities as may be made available to it through the Office for Emergency Management.

5. Executive Order No. 8751 of May 2, 1941, establishing the Division of Defense Aid Reports and defining its functions and duties, is hereby revoked.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *October 28, 1941.*

U. S. GOVERNMENT PRINTING OFFICE: 1948

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NINETEENTH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended March 31, 1945

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NINETEENTH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended March 31, 1945

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"The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose."

[From Section 5, subsection b, of "An Act to Promote the Defense of the United States" (Public Law No. 11, 77th Congress, 1st Session).]

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TRUMAN
19th R.

PRESIDENT'S LETTER OF TRANSMITTAL

To the Congress of the United States of America:

I am transmitting herewith the nineteenth report of operations under the Lend-Lease Act for the period ending March 31, 1945.

On May 6, 1945, Nazi Germany capitulated to the combined forces of the United Nations. Lend-lease and reverse lend-lease as the basic mechanisms of combined allied war supply made a vital contribution to that victory.

The defeat of Germany was the first objective of allied military strategy. There remains, in the Pacific, another powerful and fanatical foe, the Japanese, who, in the never-to-be-forgotten and fateful Sunday of December 7, 1941, struck at Pearl Harbor in a treacherous blow against the peace and security of the world. They, too, must be taught that the peace and security of the world are sacred and not to be broken by any aggressor nation.

While the bulk of the United Nations forces were engaging the Nazis in Europe, allied forces succeeded in piercing the perimeter of Japanese defenses and established the bases from which decisive offensives can be launched. Now all of the might and power of the United States, the British Empire, France, the Netherlands, and our other allies can be brought to bear, together with the Chinese forces, against Japan.

Long and costly as the struggle ahead may be, it has been immeasurably shortened by the system of lend-lease and reverse lend-lease. To crush Nazi and Japanese tyranny, we have sent overseas to join our allies on the battlefront American fighting men equipped with the best weapons American ingenuity and skill can produce. They have been further strengthened through reverse lend-lease with all that they needed which our fighting allies could provide. Our fighting partners at the front had more men for the battle than they could supply and, through lend-lease, we sent the weapons, the food, and the material with which they could bear fully their burden of the battle.

We cannot measure the sacrifice and heroism of our American forces on the war front or the efforts of the men and women on the production front here at home. Nor can we measure the contribution to victory of those allied fighting men who, with their own and lend-lease weapons, fought and fell, or the courage and valor of their people behind the lines who, steadfastly through long years under attack, produced the food and tools needed for victory. Each of the United Nations has contributed to the pool of fighting power in accordance with its abilities and capacities.

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Adjustments and reductions in allied war production and in the lend-lease program will be possible even as we and our allies throw augmented forces into the decisive offensives against the Japanese. The task of reconversion and reconstruction is commencing. At the same time lend-lease and reverse lend-lease must continue as a military necessity on the scale required to build the overwhelming power which alone can save American and allied lives and bring an early and complete end to this terrible war.

HARRY S. TRUMAN.

THE WHITE HOUSE,
May 22, *1945*.

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Chapter 1

LEND-LEASE AND VICTORY

Nazi Germany has surrendered unconditionally. In a mighty crescendo of military offensives, the armies of the United States, the Soviet Union, Britain, France, Canada and other United Nations have won complete victory over the Nazis and the remaining forces of Fascist Italy.

On the other side of the globe, hard-won allied victories have been paving the way for the final assault against the Japanese forces on the Asiatic mainland and the homeland of Japan. American forces have liberated most of the Philippines, and in epic battles have captured Iwo Jima and are completing the conquest of Okinawa. American, Chinese, British, and Indian forces have won a land route—the Stilwell Road—to China. The capture by the British Army of Rangoon, the terminus of the old Burma Road to China, has virtually completed expulsion of the Japanese, by American, British and Dutch forces, from Burma and opened the way for drives on Thailand, Indo-China, Malaya and Singapore. Australian and Dutch ground forces, supported by American and Australian naval and air forces, have landed on Tarakan Island off Borneo to begin the liberation of the East Indies. Step by step these victories are liberating millions of people and wresting vast resources of war materials from their Japanese conquerors and are establishing major bases for coordinated offensives by the allies against the massed forces of Japan.

Total victory will be achieved only when Japan, as well as Germany, is completely vanquished. We and our allies in the fight against Japan have not yet engaged the main forces of Japan's armies in her home islands and in Asia. These powerful forces almost everywhere have the advantage of shorter, interior supply lines. The unconditional defeat of a nation of 70,000,000 people, strongly entrenched in Asia after seven years of aggression, whose soldiers die vainly in battle rather than surrender, will be a tremendous task that will require every ounce of power that we and our allies can deliver from the bases we are now winning and have yet to win.

Our military strategy against Japan is to step up our combined offensives without delay and to strike repeated and increasingly powerful blows until final victory. Lend-lease and reverse lend-lease will be continued as an effective weapon of this strategy. With their help, we are gaining victory over Japan, as we have gained victory in Europe, in less time, with less material cost, and with less loss of American and other allied lives.

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Lend-Lease Aid

Toward the victories already achieved, and the victories to come, lend-lease has furnished great quantities of arms and other munitions, industrial and agricultural supplies, shipping and other services. In little more than four years, from March 11, 1941 to the end of March 1945, we have furnished our allies goods and services valued at $38,971,797,000. The flow of lend-lease aid reached an all-time high during the first half of 1944 in preparation for D-Day in France and the great Soviet winter offensive on the Eastern front.

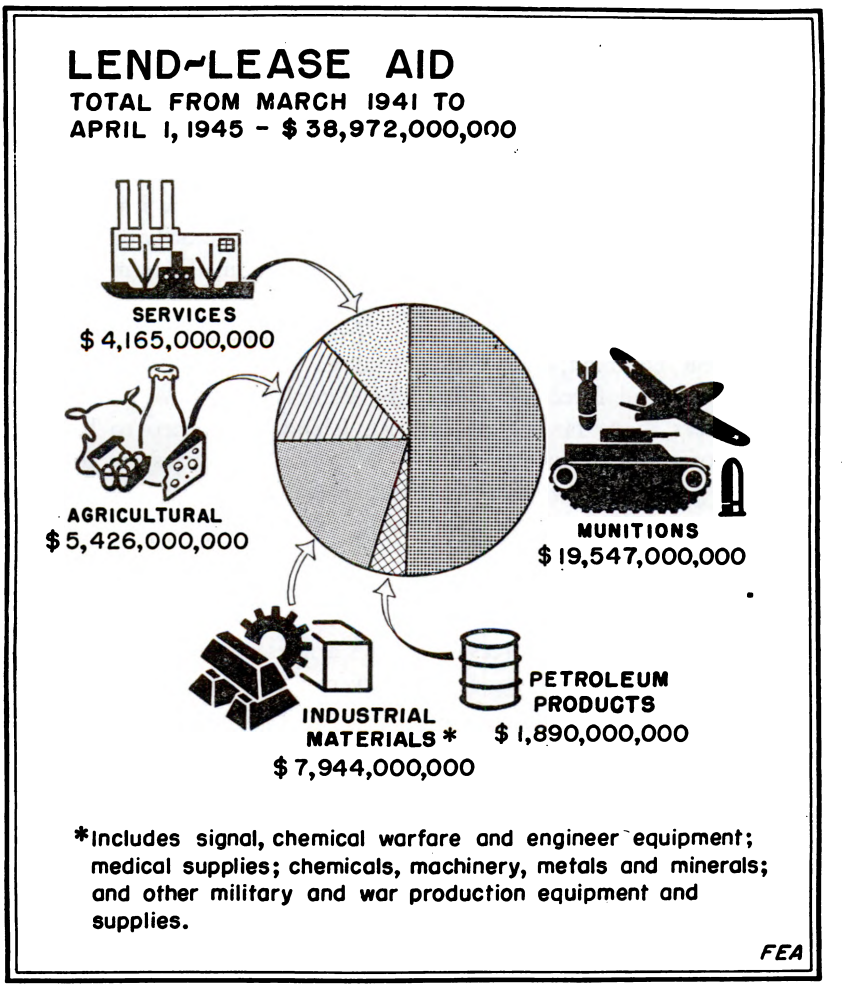


Chart 1

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TOTAL LEND-LEASE AID

March 1941 to April 1, 1945

Category	Amount	Percent of aid
Goods Transferred:		
Munitions (including ships)	$19,546,840,000	50.2
Petroleum Products	1,890,375,000	4.8
Industrial Materials and Products*	7,944,157,000	20.4
Agricultural Products	5,425,819,000	13.9
Total Transfers	34,807,191,000	89.3
Shipping and Other Services	4,164,606,000	10.7
Total Lend-Lease Aid	38,971,797,000	100.0
Consignments to Commanding Generals**	874,382,000	.....

*Includes signal, chemical warfare, and engineer equipment; medical supplies; chemicals, machinery, metals and minerals; and other military and war production equipment and supplies.

**Goods consigned to United States commanding generals for subsequent transfer in the field to lend-lease countries. The value of such goods transferred is not included in the lend-lease aid total of $38,971,797,000.

Table 1

Munitions constitute the largest item of lend-lease aid, amounting to 50 percent of the total to date. Table 1 shows the breakdown of total lend-lease aid into major categories.

In addition to direct lend-lease aid we have also consigned $874,382,000 worth of supplies to United States commanding generals in the field for subsequent transfer to allied forces under lend-lease. Most of these supplies were turned over to the French forces in North Africa and to China. Approximately 80 percent of the supplies which have been thus consigned to date have been guns, ammunition, tanks and other vehicles.

There will be substantial reductions in the total volume of allied war production now that Germany has been defeated. Both in the United States and abroad, these reductions will permit some reconversion from war to civilian production and some increase in commercial exports. Plans for reconversion in the United States, Britain, and Canada are being coordinated on a broad front so that these nations will be devoting equitable shares of industrial capacity to the war against Japan. Such adjustments must remain subject, of course, to the overriding consideration of maintaining the most effective flow of war supplies to win total victory over Japan.

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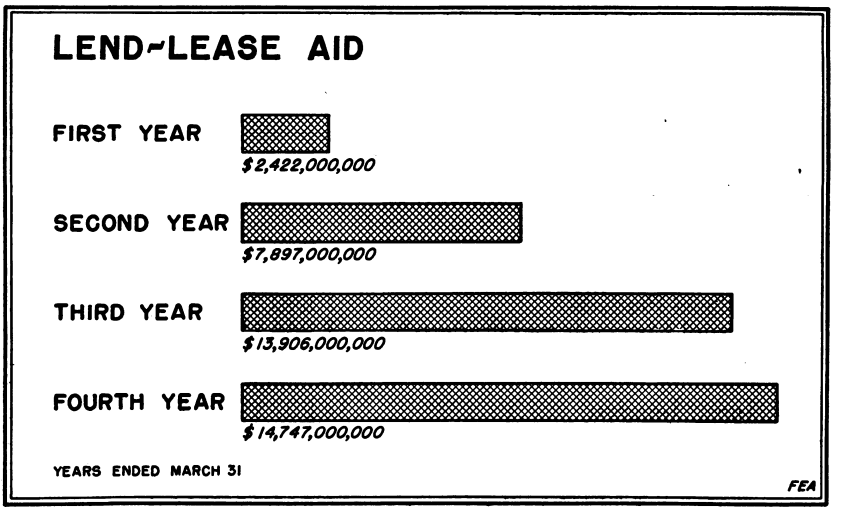


Chart 2

The lend-lease programs of war aid to our allies have also been adjusted and reduced to take into account the end of hostilities in Europe and the new military situation. Future programs of lend-lease aid will continue to be based, as in the past, on the controlling consideration of the most effective prosecution of the war.

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Chapter 2

LEND-LEASE ON THE WAR FRONTS

Fighting men, materials and resources have been effectively pooled by the allies to speed the complete defeat of Nazi Germany and make possible the crushing victories over Japan. Lend-lease has played a vital part in this pooling. It has helped to knit into successful and smoothly coordinated offensives the combined military strategy, strength and supply of the United Nations.

Approximately 98 percent of all lend-lease aid has gone to our four major fighting partners—the British Commonwealth, the Soviet Union, France and China. The remainder has been effectively used for such purposes as furnishing military supplies to Latin America for the strengthening of Western Hemisphere defenses, equipping Norwegian, Dutch, Greek and Yugoslav merchant ships and airmen, and furnishing supplies for Polish and Yugoslav prisoners of war.

The United Kingdom

Lend-lease and reverse lend-lease in the United Kingdom have been key factors in the invasion of the Continent and the campaigns which led to

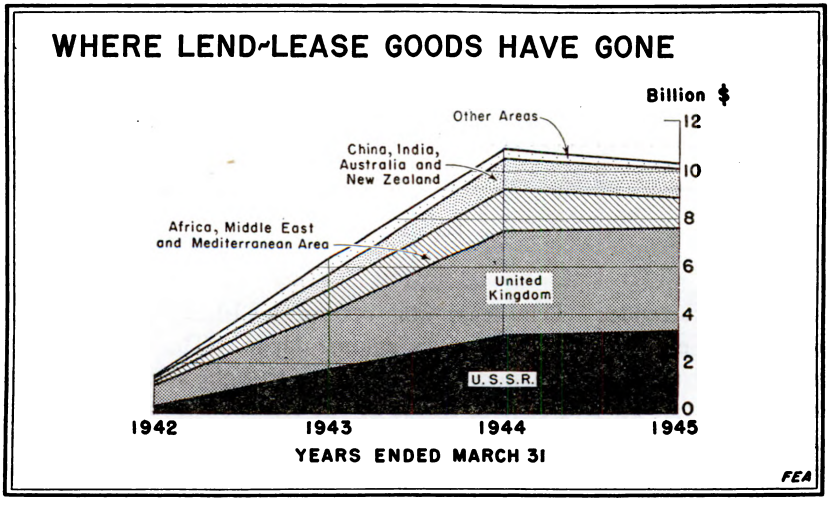


Chart 3

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LEND-LEASE EXPORTS TO ALL COUNTRIES

Thousands of Dollars

	Jan.–Mar. 1945	Year 1944	Cumulative to April 1, 1945
United Kingdom	814,767	5,097,404	12,775,392
U. S. S. R.	662,089	3,429,345	8,409,695
Africa, Middle East and Mediterranean area	223,198	1,195,116	3,813,058
China and India	193,430	835,091	2,023,339
Australia and New Zealand	80,423	366,456	1,257,089
Latin America	12,148	81,830	226,859
Other countries	45,601	281,696	805,025
Total	2,031,656	11,286,938	29,310,457

Percentage Distribution

	Jan.–Mar. 1945	Year 1944	Cumulative to April 1, 1945
United Kingdom	40.1	45.2	43.6
U. S. S. R.	32.6	30.4	28.7
Africa, Middle East and Mediterranean area	11.0	10.6	13.0
China and India	9.5	7.4	6.9
Australia and New Zealand	4.0	3.2	4.3
Latin America	.6	.7	.8
Other countries	2.2	2.5	2.7
Total	100.0	100.0	100.0

Table 2

Germany's surrender. Lend-lease and reverse lend-lease also are vital factors in the coordinated offensives against Japan. The British Navy, the RAF and the British Armies are continuing to fight side by side with American naval, air and ground forces in the Asiatic theater. The huge volume of planes, guns, ammunition and other war supplies produced in Britain's arsenals and war factories with the help of lend-lease materials and equipment and the rubber, petroleum and other strategic materials supplied under reverse lend-lease from British resources for American forces and war

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production have been and continue to be integral factors in the United Nations offensives on all the war fronts.

Total lend-lease shipments to the United Kingdom through March 31, 1945 amounted to $12,775,000,000, of which $4,626,000,000 worth was sent during the last twelve months. Munitions constituted 56 percent of all shipments during the last twelve months, petroleum 16 percent, other military and industrial products 10 percent, and food and other agricultural products 18 percent.

Lend-lease shipments of munitions to the United Kingdom, since the beginning of the lend-lease program through March 31, 1945, have amounted to $6,430,000,000, of which $2,580,000,000 worth were shipped during the fourth year of the program. The largest single item of lend-lease aid has been aircraft. We have sent a total of 9,500 planes and our lend-lease exports of planes, engines and parts to the United Kingdom are valued at $2,213,000,000. Hundreds of transporters for carrying heavy equipment and hundreds of amphibious craft supplied under lend-lease were important factors in the speed with which the British crossed the Rhine. In the last four months of 1944 alone, the lend-lease transporters used by General Montgomery's 21st British Army Group travelled 2,205,000 miles, carrying 5,500 tanks in addition to locomotives, landing craft and thousands of tons of heavy equipment. Two-thirds of the armored divisions in the British 21st Group, together with several armored brigades, were equipped entirely with tanks supplied under lend-lease.

LEND-LEASE EXPORTS TO UNITED KINGDOM

Thousands of Dollars

	Jan.–Mar. 1945	Year 1944	Cumulative to April 1, 1945
Ordnance and ammunition	131,966	838,365	1,880,151
Aircraft and parts	192,334	1,076,784	2,213,266
Tanks and parts	30,083	470,797	1,020,978
Motor vehicles and parts	60,140	344,129	666,177
Watercraft	4,685	250,757	649,825
All munitions	419,208	2,980,832	6,430,397
Petroleum products	172,397	659,145	1,293,274
Industrial materials and products	73,388	564,420	1,866,575
Agricultural products	149,774	893,007	3,185,146
Total	814,767	5,097,404	12,775,392

Table 3

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1946

Industrial materials and equipment sent under lend-lease to the United Kingdom for war production and other war uses have amounted to $1,866,000,000. Shipments of these supplies have been greatly curtailed since British orders for capital equipment subsequent to November 15, 1943 and exports of iron and steel to the United Kingdom subsequent to December 31, 1944 have been on a cash basis. Lend-lease industrial materials and products have enabled Britain to make the fullest use of her great war production for her own forces and for the forces of the United States, the Soviet Union and other United Nations. Britain's great production capacity is now being concentrated on the production of naval, aircraft and military equipment required in the war against Japan.

Lend-lease shipments of food and other agricultural products to the United Kingdom have amounted to $3,185,000,000, including 13,371,000,000 pounds of food. By furnishing food to Britain we enable her to carry on war production effectively and make the most effective use of allied shipping.

During the critical year 1944 the fighting forces of the British Empire received, under lend-lease, materials and supplies sufficient to equip 1,750,000 men, or 25 percent of the number of troops throughout the Empire. If the British had not received such supplies, as well as other lend-lease materials, supplies and services for war production, they would have had to make drastic readjustments in the allocation of their limited manpower, and to maintain the strength of the forces at the front, additional American fighting men would have been necessary. Lend-lease goods delivered to the United Kingdom, exclusive of deliveries to other parts of the Empire, in the year ending June 30, 1944, represented the approximate equivalent of the annual labor of 1,820,000 British workers, or 11 percent of the total number of employed workers in the United Kingdom at the close of the year. Without the supplies delivered under lend-lease, the United Kingdom, in order to keep her fighting forces equipped by increasing the manpower in the war production lines and in the production of export goods to pay for raw materials and other supplies needed for the war economy, would have been forced to reduce the size of its armed forces almost one-fifth, or 910,000 men.

The Soviet Union

Lend-lease was a vital factor in the historic advance of the Soviet armies from Stalingrad, Moscow and Leningrad to Berlin and the Elbe River. The Soviet armies were equipped principally from Soviet munitions factories. The great offensives of the Red Army were strengthened and accelerated, however, by the billions of dollars worth of munitions furnished by the United States under lend-lease. In addition, Soviet factories have been equipped with lend-lease tools and utilized lend-lease raw materials to produce more tanks, guns, and planes for the defeat of the Nazis.

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19th

LEND-LEASE EXPORTS TO U. S. S. R.

Thousands of Dollars

	Jan.–Mar. 1945	Year 1944	Cumulative to April 1, 1945
Ordnance and ammunition	22,376	190,421	798,343
Aircraft and parts	85,817	557,869	1,495,966
Tanks and parts	36,415	166,373	460,059
Motor vehicles and parts	99,077	503,318	1,157,064
Watercraft	14,408	84,929	240,159
All munitions	258,093	1,502,910	4,151,591
Petroleum products	13,237	40,482	84,878
Industrial materials and products	261,907	1,306,891	2,700,223
Agricultural products	128,852	579,062	1,473,003
Total	662,089	3,429,345	8,409,695

Table 4

Total lend-lease shipments to the Soviet Union through March 31, 1945 amounted to $8,410,000,000, of which $3,285,000,000 worth were sent during the last twelve months. Munitions constituted 41 percent of the shipments during the last twelve months, petroleum 1 percent, other military and industrial products 40 percent, and food and other agricultural products 18 percent.

Lend-lease shipments of munitions to the U. S. S. R. total $4,152,000,000. We have sent 13,300 airplanes, more than to any other ally. We have also sent 6,800 tanks, 312,000 tons of explosives, mainly TNT and powder, 1,800 self-propelled guns, 135,000 sub-machine guns, 13,000 pistols, and 8,300 other guns of various types, including anti-aircraft guns.

The United States has supplemented to an important degree the Soviet supply of raw materials needed to produce the vast quantities of planes, tanks, guns and other munitions in Soviet war factories. Total lend-lease shipments of industrial materials and products to the Soviet Union have amounted to $2,700,000,000. During the year ending March 31, 1945, more than half of all the industrial materials and products shipped under lend-lease to all countries went to the Soviet Union.

The United States has also made important contributions to the mobility of the Red Army in its 1,400 mile sweep from Stalingrad through Poland to Berlin and Torgau on the Elbe River where they joined with the American forces of the First Army. We have sent under lend-lease 406,000 motor

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19th

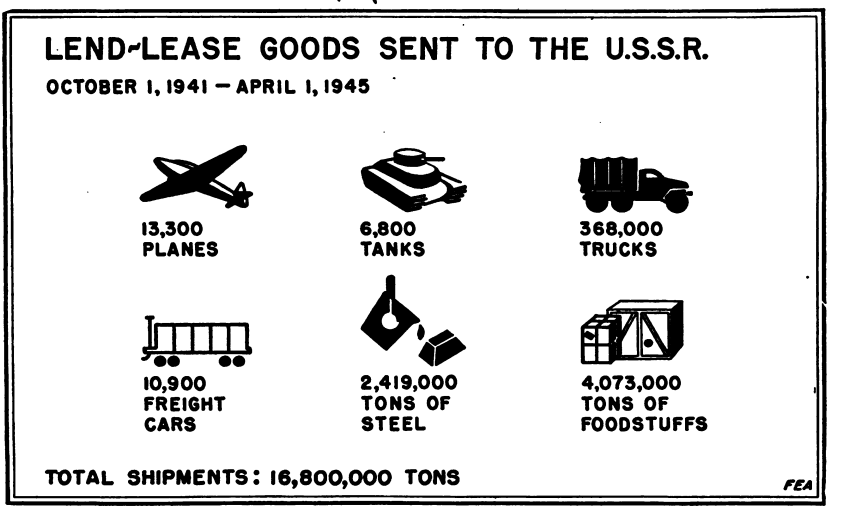


Chart 4

vehicles. These vehicles on some fronts carried more than half the supplies moving up to the Soviet troops. We have also sent 1,500 locomotives, 9,800 flat cars, 1,000 dump cars, 100 tank cars, 540,000 tons of railroad rails, and 116,000 tons of railroad wheels and axles to help Soviet transportation of war supplies over the vast areas devastated by the Nazis. And to help maintain communications over the extended Soviet supply lines, we sent 397,000 field telephones and more than 1,050,000 miles of field telephone cable.

To help replace the foodstuffs cut off by Nazi occupation and destruction, we have sent $1,312,000,000 of grains and cereals, sugar, meats, fats and oils, and other foodstuffs to the Russians. During the year ending March 31, 1945, lend-lease fats and oils sent to the Soviet Union comprised more than half the quantity of the supplies of these commodities consumed by the Soviet armies and urban population.

Mediterranean Area

Lend-lease supplies to the Mediterranean area, including Africa and the Middle East, played an important part in the expulsion of the Nazis from this area, in the transport through Persia of vital war materials to the Soviet Union, in the liberation of Southern France, and in the Italian campaign which culminated in the linking of the allied armies in Italy with the American Seventh Army driving south through the Brenner Pass.

Total lend-lease shipments to this area through March 31, 1945 have amounted to $3,813,000,000 of which $1,093,000,000 were sent during the last twelve months. Nearly 73 percent of these shipments have been munitions, primarily for the French and British forces.

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LEND-LEASE EXPORTS TO AFRICA, MIDDLE EAST AND MEDITERRANEAN AREA

Thousands of Dollars

	Jan.–Mar. 1945	Year 1944	Cumulative to April 1, 1945
Ordnance and ammunition	17,060	146,110	701,512
Aircraft and parts	57,289	396,112	884,360
Tanks and parts	8,763	177,772	631,699
Motor vehicles and parts	23,049	132,054	481,879
Watercraft	11,854	17,685	64,192
All munitions	118,015	869,733	2,763,642
Petroleum products	4,562	24,728	84,608
Industrial materials and products	38,540	187,273	646,815
Agricultural products	62,081	113,382	317,993
Total	223,198	1,195,116	3,813,058

Table 5

France, Belgium and the Netherlands

French, Belgian and Dutch forces continued to fight alongside the other United Nations even after their homelands were overrun by the Axis powers. Eight French divisions and 300 supporting units, aggregating about 225,000 men, some of which fought through the Italian campaign, and a French air force of 15,000 men have been equipped almost entirely with lend-lease arms. French forces constituted seven-tenths of the United States Seventh Army which landed in southern France. Later, as the French First Army, these forces crossed the Rhine and fought into Germany on the right flank of the allied armies on the Western Front. Belgian forces equipped by Britain under her system of mutual aid have fought with the British 21st Army Group. With the help of lend-lease arms and other supplies, Dutch naval forces have operated in both the Atlantic and Pacific, and Dutch ground troops and fliers are now fighting in the Pacific.

With the invasion of the Continent, France, Belgium, and Holland became important bases of allied military operations. The use of their ports, warehouses and transportation and production facilities and the services of thousands of their laborers, provided under reverse lend-lease, were important in speeding the allied offensives in Europe. These facilities will

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continue to be used for the redeployment of American and other allied troops and supplies from the European theater to the Pacific theater of war. The continued shipment of food, medical and other essential civilian supplies to these countries is required, in support of these military activities, to prevent starvation and extreme hardship. Such shipments are also needed to enable local factories to increase their output of military cloth, tires and other goods for the allied armed forces under reverse lend-lease and thus help to reduce the strain on our own manpower and production resources.

Following these dictates of war need, the United States concluded lend-lease war supply agreements with France, Belgium and Holland. These include items required to support the activities of the allied armed forces on the Continent and protect the interests of the United States by determining in advance some of the financial obligations of those countries. Short-life supplies and shipping services will be provided as lend-lease so long as they are needed for the support of military activities and any supplies which are produced too late to be used in the war effort are to be paid for over a period of thirty years. In addition the French agreement includes provision for long-life supplies such as locomotives and machine tools, which, although provided for war purposes, will have a residual peace-time value and for which the French have consequently agreed to pay us over a similar period after an initial down payment of 20 percent. The

LEND-LEASE EXPORTS TO LATIN AMERICA

Thousands of Dollars

	Jan.–Mar. 1945	Year 1944	Cumulative to April 1, 1945
Ordnance and ammunition	853	9,922	31,633
Aircraft and parts	8,677	40,329	105,269
Tanks and parts	45	7,763	30,555
Motor vehicles and parts	187	6,985	21,305
Watercraft	92	857	1,565
All munitions	9,854	65,856	190,327
Petroleum products	15	61	216
Industrial materials and products	2,260	15,881	36,210
Agricultural products	19	32	106
Total	12,148	81,830	226,859

Table 6

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agreements expressly reserve the right of the United States to withhold supplies whenever it is in our national interest to do so.

The agreements thus provide for an efficient and orderly cleanup of the agreed war supply programs with these countries and will help to minimize the burden on American taxpayers and reduce our problems of terminating contracts with American producers and disposing of postwar surpluses at home and abroad.

Latin America

Lend-lease aid to the Latin American republics for the defense of the Western Hemisphere and the vital sea lanes to Africa and Europe has consisted of weapons of war and other supplies having a military end use. Shipments to these countries have amounted to $227,000,000 through March 31, 1945, or less than 1 percent of total shipments to all nations. More than 46 percent of the supplies shipped to Latin America have consisted of airplanes and airplane parts. Mexico has sent an air force to the Pacific, and Brazil, which has received more than half of all lend-lease shipments to Latin America, sent an expeditionary force of infantry and fliers to the Italian theater and took over a large part of the anti-submarine patrol in the South Atlantic, as Mexico and other central American Republics did in the Caribbean.

Australia and New Zealand

With the help of lend-lease supplies and equipment, Australian and Dutch ground forces, supported by American and Australian naval and air forces, have landed on Tarakan Island off the northeast coast of Borneo. The Australian ground forces are veterans of New Guinea and the Middle East. Capture of oil-rich Tarakan Island would be the first step in the liberation of the East Indies and the wresting from the Japanese of their conquests of vital resources of oil and other strategic materials which can be of great importance to allied military operations in the Pacific.

Lend-lease shipments to Australia and New Zealand through March 31, 1945, totalled $1,257,000,000, of which $350,000,000 worth were sent during the last twelve months. About 59 percent of the total consisted of munitions, 37 percent of industrial products and petroleum and the remainder agricultural products.

The industrial materials and products supplied under lend-lease to Australia and New Zealand have been for the most part raw materials and semi-fabricated articles. We are sending such items as farm machinery to increase food production, tinplate to use in canning the food for shipment to our armed forces in the Pacific theater, cotton for the production

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LEND-LEASE EXPORTS TO AUSTRALIA AND NEW ZEALAND

Thousands of Dollars

	Jan.–Mar. 1945	Year 1944	Cumulative to April 1, 1945
Ordnance and ammunition	5,759	13,813	138,546
Aircraft and parts	34,644	130,822	346,641
Tanks and parts	.....	793	55,294
Motor vehicles and parts	10,993	49,728	193,146
Watercraft	1,147	7,253	12,303
All munitions	52,543	202,409	745,930
Petroleum products	5,402	53,393	141,702
Industrial materials and products	19,505	100,598	329,215
Agricultural products	2,973	10,056	40,242
Total	80,423	366,456	1,257,089

Table 7

of military uniforms, tents and surgical dressings, and marine engines for installation in Australian-built hulls.

A large proportion of the goods produced with the aid of these lend-lease war production supplies is being furnished to our forces as reverse lend-lease. Tires and tubes offer a dramatic example of the manner in which the resources of the United Nations have been pooled for the defeat of the common enemy. Practically all of the tires and tubes required by our forces in the Southwest Pacific during 1944 were produced in Australian factories. Britain supplied the crude rubber from Ceylon; the United States supplied the cotton fabric, carbon-black, and some of the other chemicals needed in tire production. Australian plants and Australian labor were used to manufacture these materials into tires and tubes. Lend-lease and reverse lend-lease were the machinery through which this pooling of supplies was made possible.

China and India

Lend-lease supplies shipped to China and India through March 31, 1945 totalled $2,023,000,000, with 43 percent of the total shipped in the last twelve months. With the cessation of hostilities in Europe it will be possible to increase greatly the tempo of our offensives against Japan and

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to increase the volume of supplies for the Asiatic theater of operations. It is anticipated that the reopening of the old Burma Road and the movement of supplies over the new Stilwell Road will substantially increase the volume of aid to China. In the past few years the only route had been by air over the Himalayas. When the seizure of Chinese ports and the industrial coastal area has been accomplished it will be possible to mobilize China's industrial resources more effectively for the prosecution of the war.

China's most urgent need is an adequate transportation system. It has been estimated that there are not more than a few thousand trucks in all Free China today and that half of these are approaching collapse. The railroad system, crippled by Japanese destruction and seizure of equipment, is totally inadequate for military purposes. To remedy this situation more than 15,000 American trucks are being delivered under lend-lease over the new land routes, and railroad equipment will be sent to meet the needs of the combined allied offensives on the Chinese mainland. The completion of the last 400 mile link of a pipeline from Northern Burma by American army engineers and Chinese workmen will increase the volume of gasoline and oil for the allied war machine and will permit additional quantities of other vital war supplies to be carried over the land and air routes.

LEND-LEASE EXPORTS TO CHINA AND INDIA

Thousands of Dollars

	Jan.–Mar. 1945	Year 1944	Cumulative to April 1, 1945
Ordnance and ammunition	6,820	35,962	260,757
Aircraft and parts	45,640	336,497	573,382
Tanks and parts	1,505	23,855	122,042
Motor vehicles and parts	33,659	113,388	294,544
Watercraft	4,050	14,784	41,846
All munitions	91,674	524,486	1,292,571
Petroleum products	38,806	52,609	118,289
Industrial materials and products	47,503	171,797	464,756
Agricultural products	15,447	86,198	147,723
Total	193,430	835,090	2,023,339

Table 8

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To help the Chinese develop their transportation system, more than a thousand Chinese will be sent to the United States under lend-lease for training and more than a thousand American technicians will be sent to the Far East to train additional thousands of Chinese to repair and maintain the transportation system. As this system is established, the combined forces of the United Nations will be able to start new and greater offensives in China.

We had sent through March 31, 1945, $118,000,000 worth of petroleum products to this theater. The major portion of the oil requirements for the allied forces in this theater, however, is supplied from British oil resources in the Middle East. We have also sent to this theater $465,000,000 worth of war production supplies. Most of these supplies have gone to India, for India is a major United Nations arsenal which is turning out large quantities of munitions for American, Chinese and British forces as well as for her own. India's war industries produce great quantities of high explosives, small arms, and ammunition; converted railroad shops produce armored cars and gun mounts; small shops throughout India have been converted to war production. Her shipyards turn out invasion barges, mine sweepers and lighters. Her cotton mills make the light weight uniform cloth that our soldiers need for India's blazing hot climate.

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Chapter 3

LEND-LEASE AND UNITED STATES PRODUCTION

At the same time that the armed forces of the United Nations have been overcoming the enemy on the world's battlefronts, the forces on our home front have achieved the greatest production record of all time. Millions of Americans working in factories, on farms and in mines have produced the vast quantities of goods that have played such an indispensable part in the United Nations' victories.

Aggregate industrial output in this country in 1944 was more than twice as large as it was in 1939. In that same period there was an increase of one-third in our food production. These increases occurred in spite of labor shortages and of growing scarcities of materials and equipment.

American industry and agriculture have been called upon to produce not only for our own Army and Navy and civilians but also for our allies. In order to strengthen our combined striking power against the common enemy, we have shared with our fighting partners our munitions, our industrial materials and products and our foodstuffs. So great has been our production in the United States that we have been able to share with our allies and still have the best equipped armed forces of any of the nations at war, and at the same time maintain a high civilian standard of living.

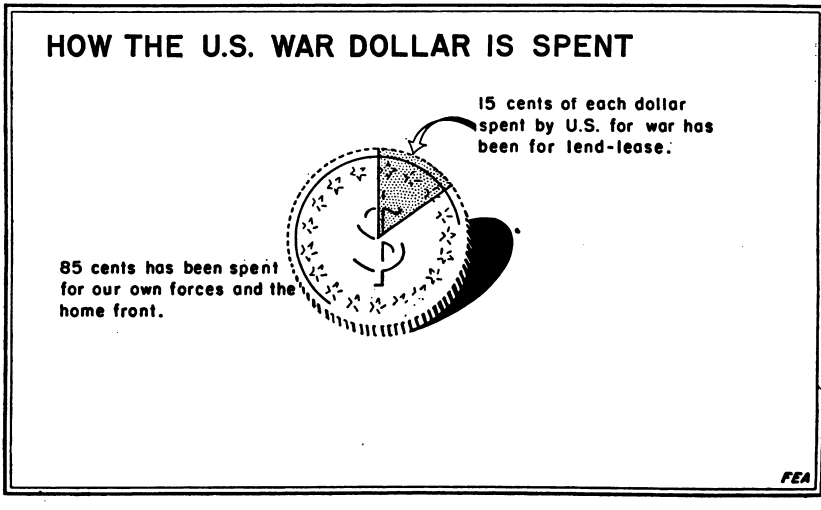


Chart 5

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Munitions for Our Allies

Combat munitions have accounted for a greater proportion of lend-lease aid than has any other category. Munitions transfers from the beginning of the program in March 1941 through March 31, 1945 were equivalent to 50 percent of total aid.

Partly as a result of lend-lease, we had a large-scale munitions production program under way before Pearl Harbor. Our munitions production in November 1941 was twice as large as it had been a year earlier. It was still very small compared with the production that was to come, but plans and blueprints had been made. The organization of our industry in these pre-Pearl Harbor days was an important factor in producing the sharp rise in munitions production in 1942 and 1943, shown by Chart 15, page 53.

Most of the munitions we have produced, 85 percent of the total, has been for use by our own forces. Of the remainder, 2 percent was sold to

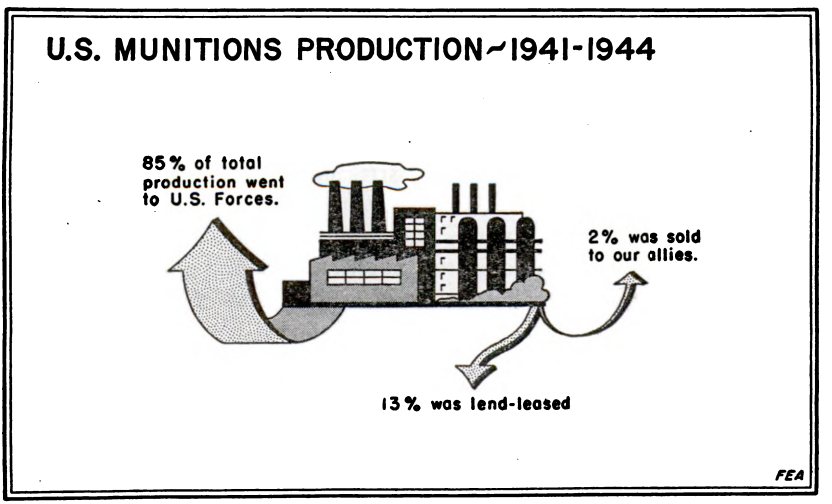


Chart 6

our allies and 13 percent has been lend-leased. Military items are only furnished to our allies under lend-lease after the Munitions Assignments Board has decided, in the light of the current military situation, that they can be used to better advantage by allied troops than by American troops.

We have furnished to our allies under lend-lease 15 percent of the planes we produced from 1941 through 1944. We have lend-leased 43 percent of our tanks. We have leased ships having an aggregate value equivalent to 9 percent of the value of ships built in that period.

Our allies, of course, have produced in their own plants most of the munitions used by their troops. But the effectiveness of the allied forces

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has been tremendously increased by the aid which we have supplied. For example, without the planes, trucks, tanks and other munitions received from the United States, the Red Army's tremendous drive from Stalingrad to Berlin would have been much slower and more costly. On other battlefronts all over the world lend-lease weapons in the hands of allied soldiers have helped to bring nearer the day of victory.

Industrial Materials and Products

Industrial materials and products amounted to 20 percent of total lend-lease aid through March 31, 1945. Petroleum products accounted for an additional 5 percent of total aid.

Industrial materials and products transferred to our allies consist of two general types of products. The first includes equipment and supplies of a direct military nature furnished to allied armed forces, such as radar and other communication equipment, engineer and chemical warfare equipment, and materials for military bases. These make up 40 percent of the group total. The second type consists of raw materials and equipment primarily for use in allied war plants, such as metals, chemicals and machine tools and railroad equipment and farm machinery.

Under lend-lease the products of American shops, factories, mines and forests have found their way to the far corners of the earth, playing their part in the drive to victory. Plywood for the production of Mosquito bombers in England, machine tools for the war plants in the Soviet Union, equipment for Australian canning factories for the production of food for Australian and American troops, cranes for rebuilding the wrecked dock facilities at French ports, precision tools for Chinese plants producing vitally needed weapons, road building machinery for the forces pushing their way through Burma towards China, medicines for the mine workers in Surinam producing bauxite for American aluminum plants—these are but a few examples of the indispensable uses for which industrial products and materials have been lend-leased.

Through lend-lease hundreds of kinds of American industrial products have been introduced to all parts of the world. When the war is over there will be, as a result of our war supply program, a widespread foreign demand for many of these products, a demand which will help to increase our postwar export trade, with a consequent stimulating effect on industrial employment in this country.

As indicated by the chart on the following page, the impact of lend-lease on our supplies of industrial products has been comparatively small. The percentage of our total supply of various products taken by lend-lease in 1944 was as follows: iron and steel, principally for munitions production, 4.6; copper and brass, for the manufacture of tools, planes, engines and ammunition, 8.7; aluminum, for airplane construction, 14.5; farm ma-

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chinery, for increased food production, 3.7; abrasives for the war industries, 3.7; petroleum products, to fuel tanks and planes and trucks, 9.3; industrial alcohol for explosives and synthetic rubber, 9.7; tires and tubes, 5.4; cotton piece goods, 1.8; nylon for parachutes and other essential military items, 8.3; lumber for ships, planes, packing of war weapons and military construction, 2.5; pulp and paper for maps, containers, and other essential war uses, 0.8.

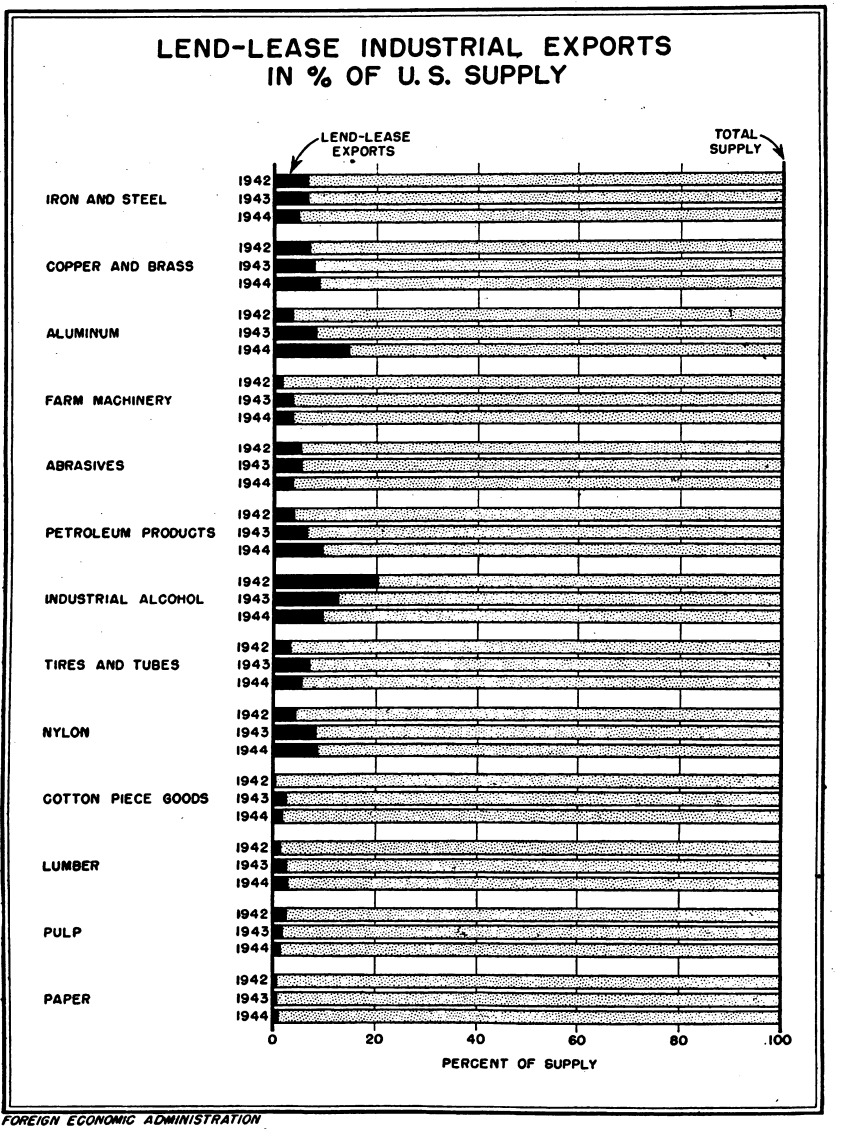


Chart 7

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We have been reimbursed in full for many of the commodities supplied under the lend-lease program, such as textiles and farm machinery sent to North Africa and the Middle East.

Farm machinery that has been lend-leased has gone almost entirely to Great Britain, Australia, New Zealand and North Africa, areas where large numbers of United States troops have been stationed. These countries have had to increase their food production sharply to meet the needs of their own war workers and to supply food to American and other allied forces. They have been able to increase their food production largely through the aid of American farm machinery. The value of food furnished to our forces by Australia and New Zealand under reverse lend-lease without cash payment by us has been equal to 15 times the value of farm machinery we have sent them under lend-lease.

Sharing Our Food

Foodstuffs and other agricultural products furnished to our allies under lend-lease have accounted for about 14 percent of the total value of lend-lease aid. The proportion was considerably higher in the early part of the program; there has been a downward trend in the ratio of food lend-leased to total lend-lease.

Approximately 6 percent of the record United States food supply in 1944 was shipped to our allies under lend-lease. The civilian population of this country consumed 80 percent of the total, our armed forces 13 percent and commercial exports took 1 percent. The proportion of our supply of various kinds of food which was exported in each of the last three years and the first quarter of this year is shown in Table 9 on page 29.

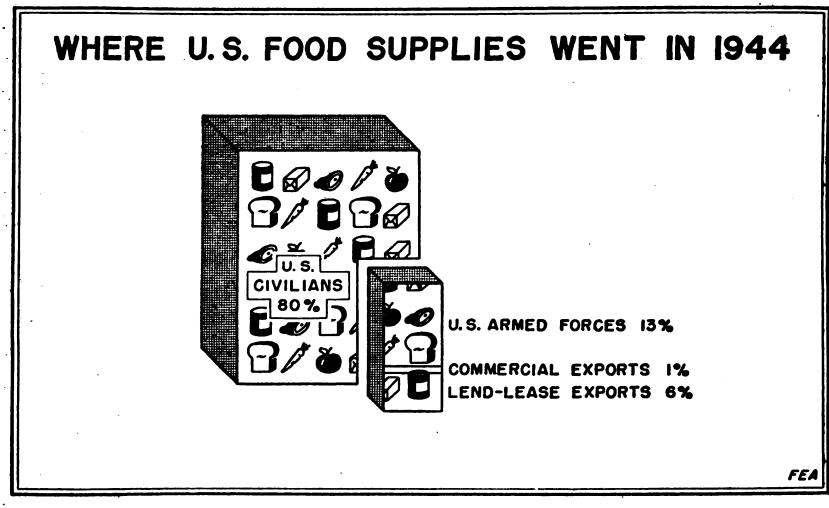


Chart 8

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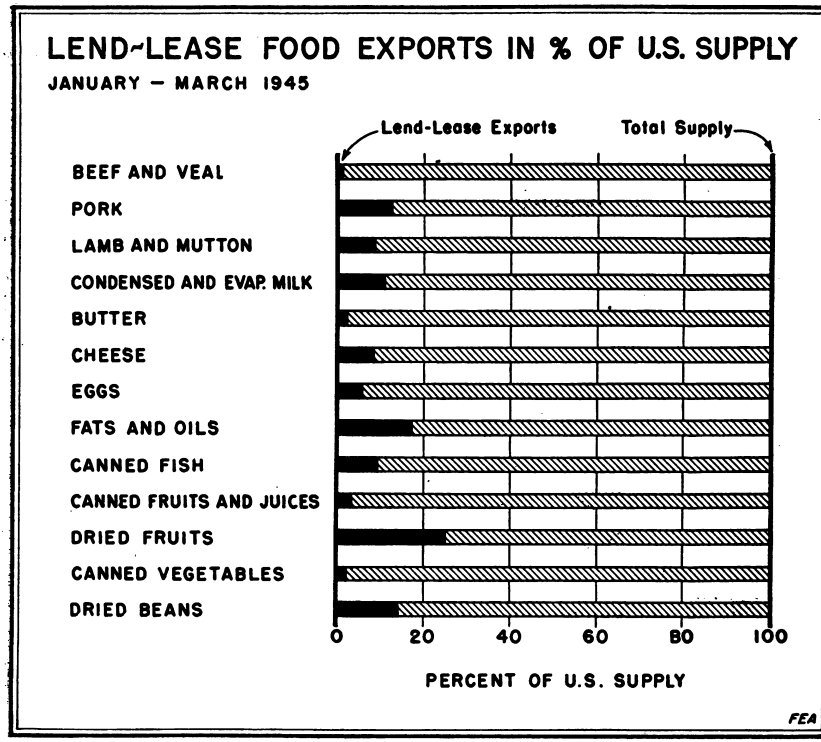


Chart 9

Our lend-lease food shipments to Britain in 1944 amounted to about 3 percent of our total food supply, but it represented to the British about 10 percent of their requirements. This 10 percent represents the difference between a minimum efficiency diet and one which would mean a lowering of efficiency on the part of the armed forces and civilian war workers. The British diet is distinctly inferior to our own, both in quantity and variety. The average level of civilian food consumption in the United States in 1944 was 3,367 calories a day; in Britain it was 2,923 calories. In the United States the average per capita consumption of meat during 1944 was 147 pounds, whereas in Britain it was 108 pounds.

Food supplies in Britain will continue to be inadequate for some time to come and her rations are, because of food scarcities, being further reduced. She will not be able to obtain food this year from Continental Europe which will itself require large quantities of imported food. Furthermore, as long as Australia and New Zealand continue to supply the larger part of the food requirements of the United States forces in the South Pacific, those countries will not be able to send food in peacetime volume to Britian. Thus limited quantities of food from this country will be needed by the British to make their most effective contribution in the war against Japan.

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The U. S. S. R. has also been an important recipient of lend-lease food, having received 30 percent of total shipments. In 1944 she was furnished 2 percent of our food supply. The Soviet food situation became extremely serious after the Nazis overran the Ukraine, the breadbasket of the Soviet Union which has not yet been restored to its former production. The loss of the principal agricultural region and the movement of millions of agricultural workers into the army and war plants caused a sharp drop in food production.

Limited quantities of lend-lease food have been going to the liberated peoples of Europe who have been actively assisting us on and behind the fighting line in the unloading of ships, the production of supplies for the allied forces, and the transportation of military supplies and personnel.

LEND-LEASE FOOD SHIPMENTS IN PERCENT OF SUPPLY

Commodity	1942	1943	1944	Jan.–March 1945
Meats:				
Beef and veal	0.3	1.7	0.7	1.1
Lamb and mutton	0.4	11.2	6.3	8.6
Pork	11.8	14.6	11.0	12.5
Total	6.0	9.3	6.5	7.0
Manufactured dairy products:				
Dry whole milk	3.7	13.1	11.5	15.8
Dry skim milk	22.5	37.4	28.6	7.6
Condensed and evaporated milk	8.4	12.9	13.4	10.9
Butter	0.7	4.1	4.2	2.1
Cheese	22.8	14.1	23.2	8.1
Eggs	9.5	12.4	12.1	5.9
Edible fats and oils	11.0	16.8	15.3	17.3
Canned fish	14.6	26.5	12.7	9.3
Fruits:				
Canned fruits and juices	2.4	7.2	5.9	3.4
Dried fruits	14.2	18.2	23.3	25.1
Vegetables:				
Canned vegetables	0.7	1.3	1.9	2.1
Dried beans	4.8	12.6	8.8	14.0
Dried peas	6.1	10.2	8.6	12.3
Corn and corn products	0.2	0.1	0.1	0.2
Wheat and wheat products	0.4	0.9	0.1	1.1

Table 9

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Chapter 4

REVERSE LEND-LEASE

We have been able to produce more than our armed forces could use effectively against the enemy. On the other hand our fighting allies have generally required for their own fighting forces most or all of the war supplies they could produce, in addition to what we could send them. The most important return we have received for the lend-lease supplies that we have sent has been the defeat of Nazi Germany and the hastening of the day of victory over Japan. But by January 1, 1945 we had in addition received nearly 5 billion dollars' worth of reverse lend-lease supplies and services from our allies. In the first quarter of 1945 we have received additional reverse lend-lease aid totalling many millions of dollars. Because this aid is largely received by our armed forces in the field, the figures have not yet been compiled and an estimate of the dollar value through March 31, 1945 is not possible at this time.

This reverse lend-lease aid is mostly in the form of supplies and services furnished to our armed forces overseas. As a result, most of the reverse lend-lease has been furnished by those countries in which our troops have been stationed in large numbers—Britain, Australia, New Zealand and India and, since D-Day, France and Belgium.

REVERSE LEND-LEASE AID

Thousands of Dollars

	Year 1944	Cumulative to January 1, 1945
United Kingdom	1,788,607	3,352,247
Australia	358,309	720,673
New Zealand	79,533	171,419
India	305,223	411,976
Total	2,531,672	4,656,315

Table 10

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The United Kingdom

The major share of the reverse lend-lease aid we have received has been furnished by Britain. Up to January 1, 1945 the United Kingdom had spent $3,352,000,000 for supplies and services furnished to us. This aid to the United States has been in addition to the $2,000,000,000 worth of supplies and services made available by Britain to the other United Nations including the Soviet Union and China.

REVERSE LEND-LEASE AID FROM THE UNITED KINGDOM

Thousands of Dollars

Category	Year 1944	Cumulative to January 1, 1945
Goods and services transferred in the United Kingdom	1,005,816	1,578,076
Shipping services	177,622	451,662
Capital construction in United Kingdom and overseas	168,966	725,106
Goods and services transferred outside the United Kingdom *	436,203	597,403
Total	1,788,607	3,352,247

*Includes the value of raw materials and foodstuffs and military supplies shipped to or transferred in the United States. Includes transfers in overseas theaters of war to March 31, 1944, only.

(Conversion from pound sterling at $4.03.)

Table 11

Supplies and services valued at $1,788,000,000, representing 54 percent of the total, were furnished during 1944 for the great campaign that has led to the defeat of Germany. Most of this aid has been supplied to our armed forces in the British Isles, but from the beginning Britain has furnished reverse lend-lease to our forces all over the world. Since D-Day she has sent large quantities of supplies to our forces on the Continent of Europe. Now that the last Nazi and Fascist forces in Europe have surrendered unconditionally, our forces will continue to receive as reverse lend-lease the supplies and services they need for the occupation and for their redeployment which can be procured more effectively from Britain. The rate of reverse lend-lease from Britain will fall as our troops move out of Europe.

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All branches of our armed forces and the WSA and the Maritime Commission, OWI, OSS, OSRD, the American Red Cross and the United Seamen's Service have received reverse lend-lease from the United Kingdom. Even U. S. civilians realize a direct benefit from reverse lend-lease, for the Ceylon tea and the West African cocoa that they drink are furnished by Britain under reverse lend-lease. The U. S. Army quarterly reports, listing each type of reverse lend-lease supply and service, are hundreds of pages long. During the entire period prior to D-Day when tremendous numbers of American troops were in England, they received one boatload of supplies as reverse lend-lease for every two shipped to them from the United States.

Reverse lend-lease has played a very important role in strategic bombing in Europe. Many of the bombs our air force dropped were rocket-propelled bombs, specially designed and made by the British to pierce the thick concrete structures that the Nazis had erected over important installations. Many of the fighter escorts were P–51 Mustangs. Original plans for these came from British and American drafting boards. The planes were built in American war plants, but they used the liquid-cooled British Merlin airplane engine. The detachable auxiliary gas tanks that gave the planes additional range so that they could protect our bombers on long raids over Germany and the gyroscopic gun sight that eliminated guesswork and greatly increased the "kills" registered by the pilots were reverse lend-leased to us. Many of the pilots carried a rubber raft and a knife which were furnished under reverse lend-lease and which often meant the difference between life and death. The rubber rafts saved fliers forced down over the sea and the knife was used to cut away parachute equipment. Approximately 12,000 rubber rafts and 40,000 knives have been supplied to our air forces by the British.

The U. S. Army Medical Corps has received under reverse lend-lease great quantities of supplies and services that have saved American lives. Britain has made available for our use 108 hospitals, of which 54 were built especially for us. We have also received 28 hospital trains, some of which are in operation on the Continent, as well as two hospital ships and four hospital carriers. Each hospital ship is a 10,000-ton vessel and can carry 600 patients on each Channel crossing. In addition the British have furnished as reverse lend-lease since January 1, 1943 medical supplies valued at more than $26,000,000.

Apart from strictly military equipment, the U. S. forces have been provided with a wide range of civilian type supplies and services. U. S. Army food rations have been supplemented by 436,000,000 pounds of foodstuffs, principally fresh fruits and vegetables grown in Britain and such items as tea and cocoa produced within the British Commonwealth and imported into Britain. During 1944 the U. S. armed forces received under reverse lend-lease 55,500,000 bottles of cola drinks manufactured in Britain to our specifications.

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Services provided as reverse lend-lease have included the transportation of over 1,000,000 American soldiers in British ships across the Atlantic and Mediterranean, together with approximately $38,984,000 of repairs, fuel and stores for our ships in British ports. They have also included the use of the telephone, telegraph, postal, radio, railroad and other transportation and communication services in the United Kingdom required for our fighting men. In the first six months of 1944 the British made available 9,225 special trains with 650,000 cars to move U. S. military freight and personnel.

In addition to this great volume of goods and services supplied directly to our armed forces, the United Kingdom is providing under reverse lend-lease a variety of strategic raw materials and bulk foodstuffs for importation into the United States. Included are such materials as rubber from Ceylon and West Africa, copper from Rhodesia, benzol from Britain, sisal from East Africa and copra from the British Pacific Islands. By December 31, 1944, the British had spent $243,251,000 on this program.

France, Belgium and the Netherlands

Since the liberation of France, Belgium and the Netherlands, these countries have placed their material resources, as well as their fighting men, at the disposal of the United Nations which have received under reverse lend-lease from these countries millions of dollars worth of supplies and services essential to the final victory over Nazi Germany. By January 31, 1945 the French had supplied, or placed contracts to supply, to the U. S. forces as reverse lend-lease, goods and services estimated as worth more than $200,000,000. This is exclusive of the aid furnished by the French to other allied forces. By February 28, 1945 the Belgians had furnished, or had placed contracts to furnish, to the U. S. forces an estimated $48,000,000 worth of goods and services and an additional $107,000,000 worth for the other United Nations. The resources of the Netherlands were made available principally to the British and Canadian armies which were operating in this sector.

Prior to D-Day France, Belgium, and the Netherlands supplied reverse lend-lease to our forces stationed in such of their colonial possessions as were not occupied by the Axis powers and they are still continuing to do so. Thus by December 31, 1944 the French had provided $62,353,000 of reverse lend-lease in French North and West Africa and $700,000 in New Caledonia. In the Belgian Congo we had received approximately $175,000 in reverse lend-lease services, principally transportation of U. S. property and personnel. Our forces stationed in Surinam and the Netherlands West Indies report goods and services amounting to $510,000 as having been received from the Dutch by that date. In addition to this amount, the Netherlands Government is in the process of reimbursing us for the approximately $5,000,000 worth of supplies and services procured by our armed

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forces for cash in the Netherlands West Indies while a reverse lend-lease arrangement was being worked out.

The reverse lend-lease program on the Continent began as the allied forces landed on D-Day. They took over buildings and other property for use as warehouses, depots, barracks, and air bases. The rentals due to the private citizens for these properties and the claims of the private citizens for injury to them are paid by the allied governments under reverse lend-lease. The U. S. armed forces have had the use of about 39,000 pieces of real estate in France and many thousands more in Belgium. Among these is the modern three-story Ecole Professionnelle at Rheims, which has served as the advance headquarters of SHAEF and in which the Nazis signed the unconditional surrender document on May 6, 1945.

At the end of March 1945 an estimated total of more than 200,000 civilians were working for the U. S. forces on the Continent and their salaries were being paid by the allied governments under reverse lend-lease. Most of these were dock workers and stevedores, who were unloading at the ports supplies urgently needed at the fronts, laborers working at Army depots and warehouses, and clerical workers. But some were nurses working at U. S. army hospitals and others were operating all-night quick lunch stands where GI drivers rushing supplies to the fronts could get a sandwich and a cup of hot coffee.

French and Belgian railways, highways and canals have been made available for the movement of military freight under reverse lend-lease. For months now military freight for the allied forces has constituted half of the car loading on the French railway systems and has put heavy drains on Belgian and French highways and inland waterways. As a result of military demands upon their transport facilities, the civilian economies of these countries are operating at even lower levels than during the Nazi occupation.

These countries have also made available under mutual aid to the allied forces supplies of locally procured raw materials and foodstuffs. In spite of the extreme food shortage Belgium has made available seasonal deliveries of fruits and vegetables totalling 30,000,000 pounds for the U. S. armies, and France has supplied an equally impressive quantity.

French and Belgian coal, cement, lumber, stone, glass, and steel have also been furnished. Since the day of liberation the steel mills have been working almost exclusively for the allied armies. They have furnished metal products manufactured to specifications determined at the front and delivered to points within a few miles of the places where they were to be used. The Belgian and Luxembourg steel industries made the mighty steel I-beams for the railway and highway bridges which the allied engineers built across the Rhine, but part of the alloys, such as ferro-manganese and ferro-silicon, needed for steel production is being furnished by France under reverse lend-lease.

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Late last fall, after the major part of France and Belgium had been liberated, the allies undertook a program which would enable these countries to increase further their contribution to the United Nations' victory. Their industries were put to work turning out tires, radio tubes, batteries, grenade launchers, spark plugs, uniforms, textiles, jerri-cans, nuts and bolts and hundreds of other items. The United States and the United Kingdom have provided the basic raw materials needed for these programs, such as synthetic and crude rubber, cotton, chemicals and other materials. The French and Belgians supply the plant facilities and the labor and what materials they have; the resultant product is furnished to the allied armies under mutual aid. Allied soldiers were carried across the Rhine in 700 small boats which were supplied under reverse lend-lease. These boats were turned out in record time. The repair of hundreds of truck, automobile and tank engines each day contributed greatly to the speed of the allied advance. More than two hundred factories in the Paris area alone turned out essential spare parts. Allied forces were also furnished with thousands of complete 60 mm. and 81 mm. mortars with repair parts; 150,000 snow capes for last winter's operations made from their meager supplies of cloth; hundreds of thousands of mess kits, radio tubes, and uniforms; and pile drivers to rebuild the bridges over the Rhine.

The Netherlands and Belgium have recently undertaken to increase further the reverse lend-lease they supply to the United States. The Belgians will supply from the Belgian Congo agreed amounts of strategic materials such as copper, tin and rubber which are needed for the prosecution of the war against Japan. Similarly, the Netherlands has agreed that upon the liberation of the Netherlands East Indies they will supply agreed amounts of raw materials such as rubber, tin, and petroleum.

Australia, New Zealand and India

By January 1, 1945 we had received from Australia, New Zealand and India under reverse lend-lease supplies and services valued at $1,304,068,000 for use in the war against Japan. Of this, $743,065,000, or 57 percent of the total, was supplied during 1944 when the advance bases for the assaults on Japan itself were being won.

Our forces have largely moved out of the South and Southwest Pacific, leaving the mopping up operations in these areas and the invasion of Borneo to Australian, New Zealand, and Dutch forces. The American forces moving northward will, however, continue to be supplied by Australia and New Zealand to the extent that those countries continue to be the most practicable source of supply. And after the liberation of the Netherlands East Indies, American forces will be supplied under reverse lend-lease by them as well as by Australia and New Zealand.

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REVERSE LEND-LEASE AID FROM AUSTRALIA

Thousands of Dollars

Category	Year 1944	Cumulative to January 1, 1945
Foodstuffs	77,254	172,375
Air Force supplies and equipment	19,408	54,843
Other military supplies and equipment	103,062	154,662
Shipping services and shipbuilding	42,687	65,967
Transportation and other services	66,909	130,847
Construction	48,989	141,979
Total	358,309	720,673

(Conversion from Australian pound at $3.23.)

Table 12

Food has been one of the most important items provided by Australia and New Zealand. By January 1, 1945 we had received from these two countries 2,635,000,000 pounds of food for U. S. forces in the Pacific. They are providing not only great quantities of fresh fruits, vegetables, meat, butter and dairy products, but also canned and dehydrated foods grown and processed in Australia and New Zealand especially for our forces.

REVERSE LEND-LEASE AID FROM NEW ZEALAND

Thousands of Dollars

Category	Year 1944	Cumulative to January 1, 1945
Foodstuffs	50,906	80,406
Military supplies and equipment	15,353	28,720
Shipping services and shipbuilding	2,471	8,971
Transportation and other services	10,797	24,752
Construction	6	28,570
Total	79,533	171,419

(Conversion from New Zealand pound at $3.25.)

Table 13

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REVERSE LEND-LEASE AID IN INDIA*

Thousands of Dollars

Category	Year 1944	Cumulative to January 1, 1945
Foodstuffs	20,897	30,986
Military supplies and equipment	180,444	221,261
Shipping services and shipbuilding	2,649	4,749
Transportation and other services	23,447	33,320
Construction	77,786	121,660
Total**	305,223	411,976

*Provided both by the United Kingdom and the Government of India.
Based on estimates by the United States Army.
**Does not include raw materials and foodstuffs shipped to the United States.
(Conversion from Indian rupee: 330.44=$100.00).

Table 14

This program has met by far the greater part of the total food requirements for our forces in this area. In addition American forces fighting in the China-Burma-India theater have received under reverse lend-lease large quantities of food from India. Table 16 on page 38 shows some of the quantities of food received from these three countries.

The uniforms and battle dress provided by Australia, New Zealand and India are also extremely important. This clothing, including some specially designed for the tropical jungle fighting, would otherwise have had to come from the United States, thereby further increasing the pressure on an extremely tight textile market at home. Here are some of the items we have received:

	Australia	India	New Zealand
Jackets and shirts	1,143,000	537,000	25,000
Boots and shoes (pair)	1,793,000	1,366,000	500,000
Socks (pair)	9,738,000	2,376,000	1,000,000
Underwear	469,000	1,440,000	.....
Blankets	1,796,000	.....	200,000

Table 15

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REVERSE LEND-LEASE FOOD SUPPLIED BY AUSTRALIA AND NEW ZEALAND AND IN INDIA CUMULATIVE TO JANUARY 1, 1945

Thousands of Pounds

	Australia	New Zealand	India
Meat	318,544	317,460	31,231
Butter	60,834	39,780	.....
Fresh milk	55,530	.....	.....
Other dairy products	76,570	62,935	.....
Eggs	71,609	.....	5,711
Canned goods	150,949	40,870	.....
Potatoes	125,686	104,370	.....
Other vegetables and fruits	394,435	106,820	92,722
Cereals	416,490	.....	4,279
Sugar	132,651	65,450	.....
Other foodstuffs	32,061	62,390	389,861
Total quantity	1,835,359	800,075	523,804
Total value (thousand dollars)	172,375	80,406	30,986

Table 16

While food and clothing are important items, they are only two of the thousands of types of supplies and services that are being supplied from Australia, New Zealand and India. The industries of these countries are working to turn out many items of military equipment such as tires, hand grenades, fire-control instruments, machine and hand tools and landing barges. Their transportation, telegraph and telephone services are made available for use of our forces under reverse lend-lease. And they have built and equipped many installations such as air bases, camps, depots and hospitals especially for the use of our troops.

The Soviet Union

Until last year no U. S. forces were stationed in Soviet territory and the occasion for reverse lend-lease which the Soviets were in a position to furnish did not arise except in connection with supplies, repairs and other services for U. S. merchant and naval vessels in Soviet ports.

During the past year, however, shuttle bombing bases were established in Russia for our air force. The Soviet Union provided as reverse lend-lease many of the supplies and services needed for these bases. This aid

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has included much of the material and labor used in building these bases, part of the equipment, much of the food for our air-force crews and mechanics, and many other operational supplies and services.

China

The Chinese have been fighting the Japanese on their own soil for nearly eight years. They have needed more aid than we have up to now been able to supply them by the air route and the new land route recently opened.

Nevertheless, China has rendered effective aid to our forces. When General Chennault's Flying Tigers were disbanded in 1942 China turned over to the United States under reverse lend-lease the remaining P–40 fighter planes that she had purchased for cash in the United States. The bases in China from which our planes take off were built by hundreds of thousands of Chinese laborers working with virtually nothing but their bare hands. China has supplied under reverse lend-lease, food and lodging for many of our military forces stationed there.

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Chapter 5

LEND-LEASE FACT AND FICTION

Since the beginning of the lend-lease program in March 1941, rumors and reports which are either incorrect or exaggerated, and which are a natural outgrowth of so vast an operation as lend-lease, have circulated throughout the United States and frequently among our armed forces abroad. These rumors and reports have been based largely on misinformation or on misunderstandings of the basic purpose of lend-lease, which is the effective utilization of the manpower and resources of all the United Nations.

Several facts which are essential to an understanding of lend-lease are lost sight of in these rumors. Military considerations are the paramount and determining factors in the provision of all lend-lease aid to our allies. The needs of our allies are reviewed in the field by American missions on the spot. They are further reviewed in Washington by Government agencies such as the Foreign Economic Administration, the War and Navy Departments, the War Food Administration, the War Production Board and the War Shipping Administration, in order to make certain that the resources of this country are used for the most effective prosecution of the war. This review assures that lend-lease supplies are sent to our allies only after most careful consideration of the needs of our own armed forces and civilian population.

In turn we receive vast quantities of essential supplies from our allies as reverse lend-lease and without cash expenditure by us. Each ally supplies to the combined war effort what she is best equipped, by reason of resources or geographical position, to supply.

In the following pages are set forth a number of the fictions about lend-lease and the true facts regarding each.

1. Fiction

The United States is sending to Britain as lend-lease several hundred thousand pre-fabricated houses which are consuming a substantial share of our domestic lumber supplies.

Fact

We are using about two-thirds of 1 percent of our national lumber supply in 1945 to provide 30,000 temporary emergency houses for war workers in war production areas in England. These will help replace some of the 500,000 houses estimated to have been completely destroyed by the Luftwaffe and robombs.

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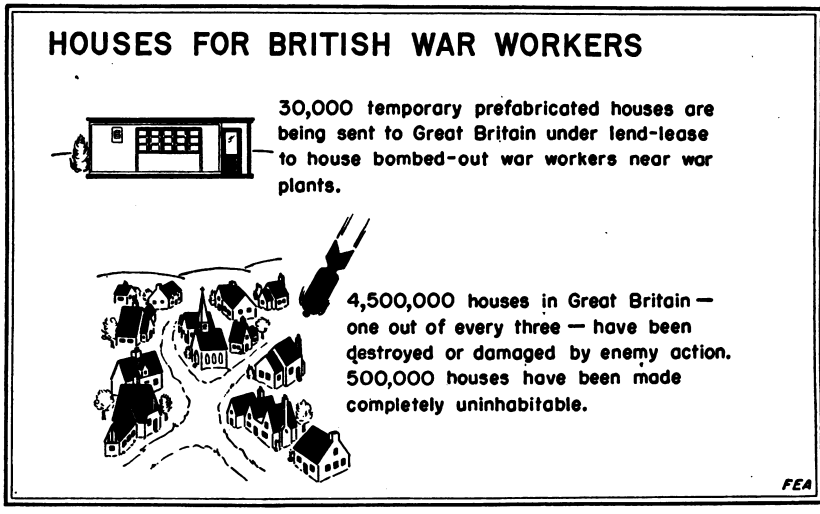


Chart 10

2. Fiction

The entire output of the United States horseshoe nail industry was sent for several months during 1943 to French North and West Africa under lend-lease.

Fact

Total shipments of horseshoe nails during the entire year of 1943 to French North and West Africa constituted less than a single month's production in the United States. This was also the case during 1944. The amounts sent were far from adequate to meet the needs for horseshoe nails in these countries which were important sources of agricultural supplies during this period for our troops in Africa and southern Europe.

3. Fiction

The agricultural equipment such as large combines, sent to French Africa under lend-lease, was entirely unsuited to these areas where farming is done mostly by Arabs on small farms with the same methods that have been used for thousands of years.

Fact

The farms along the coastal plain in North Africa and in the plateau region in Tunisia and eastern Algeria before the war were as modern as farms in the United States. Over 50 percent of the crops in North Africa were produced by the French colonists who owned large parcels of land and used American machinery and American methods. The combines we have shipped have served as replacements for pre-war equipment which was worn out or destroyed in the war. All lend-lease farm machinery sent to this area is paid for in full by the French.

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4. Fiction

Britain is not getting any meat from Canada because she can get it from the United States under lend-lease.

Fact

During 1944 Canada shipped to Britain approximately one-third of her total production of meat, including 700,000,000 pounds of bacon and the beef from 325,000 head of cattle. These shipments were made largely without payment by Britain under Canadian mutual aid, which is similar to our lend-lease program.

5. Fiction

A chronic rumor which has recurred every time the pincers have tightened around the Nazi-Japanese aggressors concerns the transshipment of American lend-lease planes by the Soviet Union to the Japanese in exchange for rubber. These planes are then allegedly used by the Japanese against our forces.

Fact

The Berlin and Tokyo radios have repeated this theme so often in order to create distrust and disunity among the allies that even well-meaning people are sometimes misled by its constant repetition. Rumors of this type have been repeatedly investigated by the State and War Departments and the Foreign Economic Administration and have proved to be entirely without foundation. There is not a grain of truth in this rumor.

6. Fiction

It is widely rumored that our allies plan to use lend-lease materials in their export trade in competition with us when the war has ended. The rumor is heard in connection with various types of goods, but is frequently concentrated on aircraft.

Fact

We retain title to all lend-lease material that has not been lost, destroyed or consumed and no disposition may be made of lend-lease property without our consent. We shall determine whether we wish to move the material back to the United States, sell it or otherwise dispose of it. We therefore control the post-war availability of such materials.

7. Fiction

Our lend-lease exports to Great Britain have enabled that country to maintain its export trade at a comparatively high level during the war while our exports have declined.

Fact

During the war period British export trade has declined drastically, while our own has not fallen substantially below the pre-war level. In

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1944, exports from Great Britain were only 55 percent as large in value as in 1938. In contrast, commercial exports from the United States were 95 percent as large in 1944 as in 1938. Moreover, in certain areas such as the Middle East and Latin America our commercial exports have increased above pre-war levels while those of Britain have fallen considerably below pre-war levels. In addition, we have through lend-lease made American products widely known abroad, which should help to stimulate our post-war foreign trade.

8. Fiction

A rumor which is particularly vicious because its aim is to create distrust of our ally, Great Britain, is the one that the British have removed labels from lend-lease goods and substituted their own, thus getting the credit in the country in which the goods are used. One version was to the effect that the British had used Italian work battalions to remove American trade-marks from goods of American origin and apply British trade-marks before the goods were distributed in Italy.

Fact

On-the-ground investigation by the War Department and the Foreign Economic Administration in various parts of the world shows no justification for such rumors. High Army officers, closely associated with distribution of supplies in Italy, have stated that they never saw any evidence of such changing of trade-marks by the British. There can be no question about the United States origin of many of the items furnished under lend-lease, such as jeeps. Others, such as foodstuffs, are shipped in packages bearing the maker's name and location printed clearly on the container, usually with the American flag. Standard lend-lease labels are attached to all goods which are shipped in packages, boxes or barrels.

9. Fiction

Americans who have stood in long lines in recent months to purchase cigarettes have sometimes heard that one reason for the shortage was the large number furnished to other countries under lend-lease.

Fact

Our lend-lease exports of cigarettes in 1944 required only about 1¼ percent of our production. For every cigarette which we lend-leased in 1944 we sent 20 to our armed forces abroad and the people in this country smoked 60. No cigarettes have been supplied under lend-lease for civilian use. Some have gone to the French forces in Africa; the remainder have been furnished to British armed forces on various war fronts. Our total wartime exports of cigarettes, both commercial and lend-lease, have taken a smaller proportion of total production than in the pre-war period.

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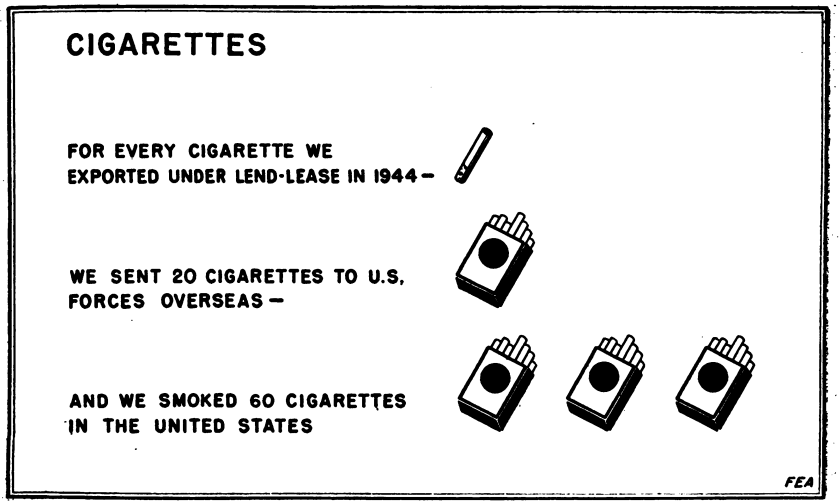


Chart 11

10. Fiction

There is a rumor current to the effect that the British charge us high rental costs for airfields in the British Isles.

Fact

The British have built more than 100 airfields for us at a cost to themselves of $440,000,000 and have turned them over to us as reverse lend-lease. The figures entered in the reverse lend-lease accounts represent actual costs to the British, which are generally below costs for similar construction in this country. They maintain these fields at a cost of many millions of dollars, and in addition have furnished to our air forces large quantities of goods, including 1,500,000 pounds of chemicals, 1,700,000 hand and machine tools, 50,000 rubber tires, 34,000 tubes for our air fleet, and ammunition ranging from small arms ammunition to 2,000-pound block busters.

11. Fiction

The story has been widely circulated that the United States pays Great Britain for transportation of American soldiers in British ships, frequently citing the exact prices reportedly paid for each soldier transported.

Fact

Transportation of American troops across the ocean as well as supplies and equipment in British ships, is furnished by Britain under reverse lend-lease. We do not pay a single cent for such transportation. We have had the full use of the great liners *Queen Mary* and *Queen Elizabeth*, among others, to carry American troops.

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12. Fiction

A persistent fiction concerns lend-lease shipments of butter. The story appeared in various parts of the country that American tourists in Canada have been able to purchase all the butter they want at low prices and have allegedly found that the butter contains a lend-lease label.

Fact

Canada has received no butter under lend-lease. All butter scheduled for export under lend-lease has been sent to the U. S. S. R. for use by the Russian army. The proportion of our total supply lend-leased amounted to 0.7 percent in 1942, 4.1 percent in 1943, 4.2 percent in 1944, and 2.1 percent in the first quarter of 1945.

13. Fiction

The shortage in the United States of domestic beef and veal supplies has resulted in the misconception that large quantities are being lend-leased.

Fact

Only 1.1 percent of our domestic beef and 1.3 percent of our veal supply was delivered to our allies as lend-lease in the first 3 months of 1945. American forces stationed in the South Pacific have received from Australia and New Zealand, under reverse lend-lease, two-thirds as much beef and veal as we have exported under lend-lease to all countries.

14. Fiction

The story has been printed that 100 lend-lease trucks and tractors were turned over to the Iraq Government by the British at our expense and for the diplomatic benefit of Britain, after the United States Government had refused the request of the Iraq Government for the trucks and tractors as lend-lease.

Fact

There is no factual basis for this rumor. It possibly arose as a result of a transaction which was consummated in the late summer of 1944 involving the retransfer to the Iraq Government of about 100 lend-lease trucks originally transferred to the British Army in the Middle East. This transaction was made in the name of the United States Government, with the full knowledge and consent of the United States representatives in the Middle East, and the United States received full payment for these trucks.

15. Fiction

Each time a U. S. airplane makes a forced landing on an airfield in the United Kingdom, the United States Government is charged $7,000.

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Fact

The British Government makes no charge whatsoever, either in cash or to the reverse lend-lease account, for forced or other landings. The British Government furnishes as reverse lend-lease all airfields in the United Kingdom used by the U. S. air forces. The amount entered in the reverse lend-lease account for these airfields is the actual cost to the British Government of constructing and maintaining new fields or expanding and maintaining existing fields.

16. Fiction

The British buy aviation gasoline from us at 25c a gallon and resell it to us at 55c a gallon.

Fact

We do not sell aviation gasoline to the British, nor do we buy it from the British. The United States and the United Kingdom both purchase aviation gasoline and deliver it to a common pool in the British Isles from which the R. A. F. and the U. S. A. A. F. both draw. It has been agreed that the only charge to be entered on the reverse lend-lease account for the aviation gasoline drawn from this common pool by the U. S. A. A. F. shall be an amount equal to the actual costs to the British of storing, transporting, and handling these products in the British Isles. The costs incurred in the United Kingdom for all types of petroleum products average a little more than 2c per gallon.

17. Fiction

The British are selling food to the U. S. Army at outrageously inflated prices.

Fact

Any food that our armed forces procure in the British Isles is furnished as reverse lend-lease. For each type of food furnished as reverse lend-lease, the British enter in the reverse lend-lease account the controlled wholesale price established by the Ministry of Food. This price, in some instances, is below the actual cost of the article to the British Government, because the Ministry of Food price is a subsidized one.

18. Fiction

Lend-lease goods sent to Latin America have no connection with the war effort.

Fact

Lend-lease shipments to Latin America are restricted to military materials or materials having a military end use. The total of these shipments

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constitutes less than 1 percent of total lend-lease exports to all countries. Invasion through Latin America was considered a possibility in the early months of the war, and the material we have furnished the Latin-American nations provided us with insurance in case invasion of this hemisphere was attempted. Brazilian aviators and seamen, with the help of material provided by us, have done a splendid job in clearing South Atlantic waters of enemy submarines. Brazilian troops, using lend-lease equipment, fought alongside our own troops on the Italian front. A Mexican air force has recently joined General MacArthur's forces in the Pacific.

19. Fiction

There is an impression on the part of some people in this country that the furnishing of foodstuffs under lend-lease is the principal reason for short food supplies here.

Fact

Of our total food supplies in the year 1944 the United States armed forces got 13 percent, the United States civilians 80 percent, lend-lease exports accounted for 6 percent and commercial exports for the remaining 1 percent. American farmers have succeeded in increasing food production substantially during the war; our total food production in 1944 was about 35 percent larger than the 1935–1939 average. A large proportion of this increase has been required by the Army and Navy, as men in the armed forces consume more food than they did as civilians. There must be available for each soldier, for example, three times as much meat as he ate as a civilian.

The sharp rise in consumer incomes during the war has made it possible for most people to buy more food than formerly People in the higher income groups have not been able to obtain the same quantities of foodstuffs which they purchased before the war, while the many more people in the lower income groups have been able to increase their consumption. The net result has been that the *average* U. S. civilian has consumed more food each year during the war than he did in the pre-war period.

20. Fiction

The British are charging us $65 a ton for U. S. freight moved over British railroads.

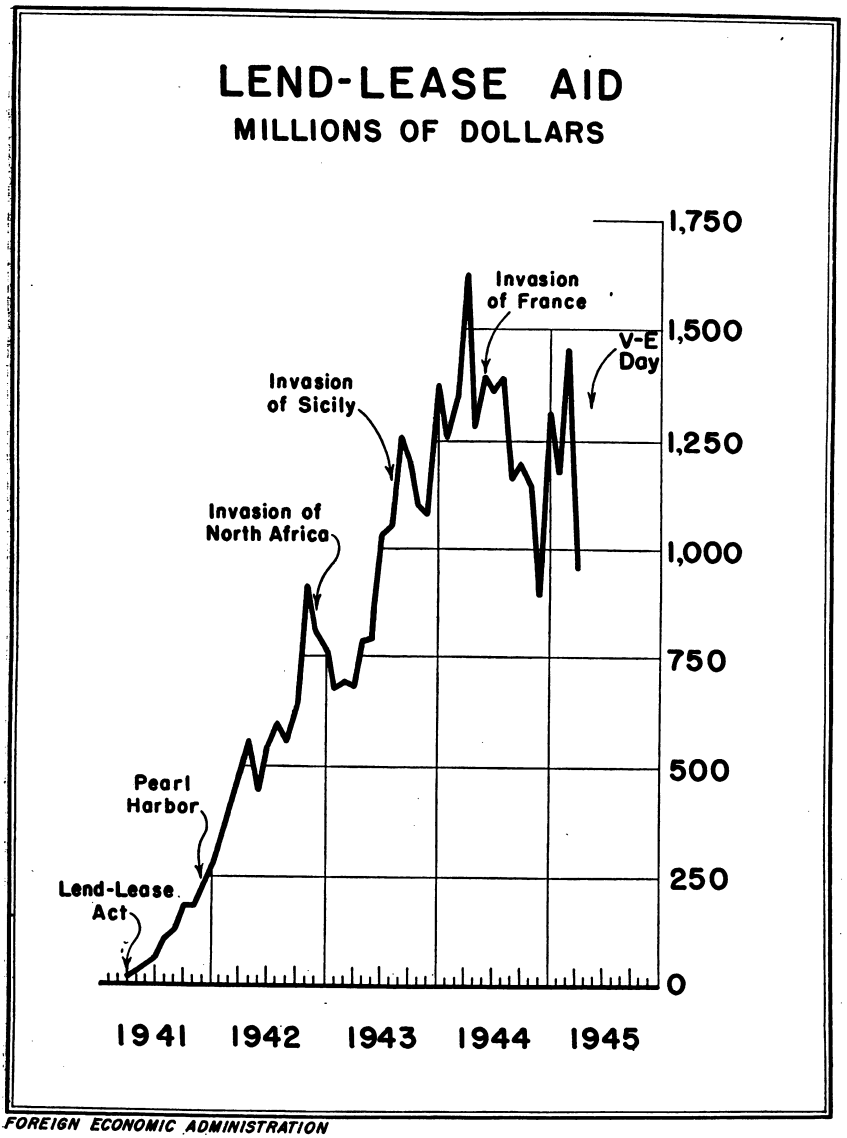
Fact

The U. S. does not pay for the transport of U. S. military freight on railroads in the British Isles. The charge for moving such freight is paid by the British Government as reverse lend-lease. The British Government pays to the railroads and reports as reverse lend-lease aid the military rate of 36 shillings ($7.20) per ton irrespective of the length of the haul.

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Chapter 6

STATISTICAL TABLES AND CHARTS



FOREIGN ECONOMIC ADMINISTRATION

Chart 12

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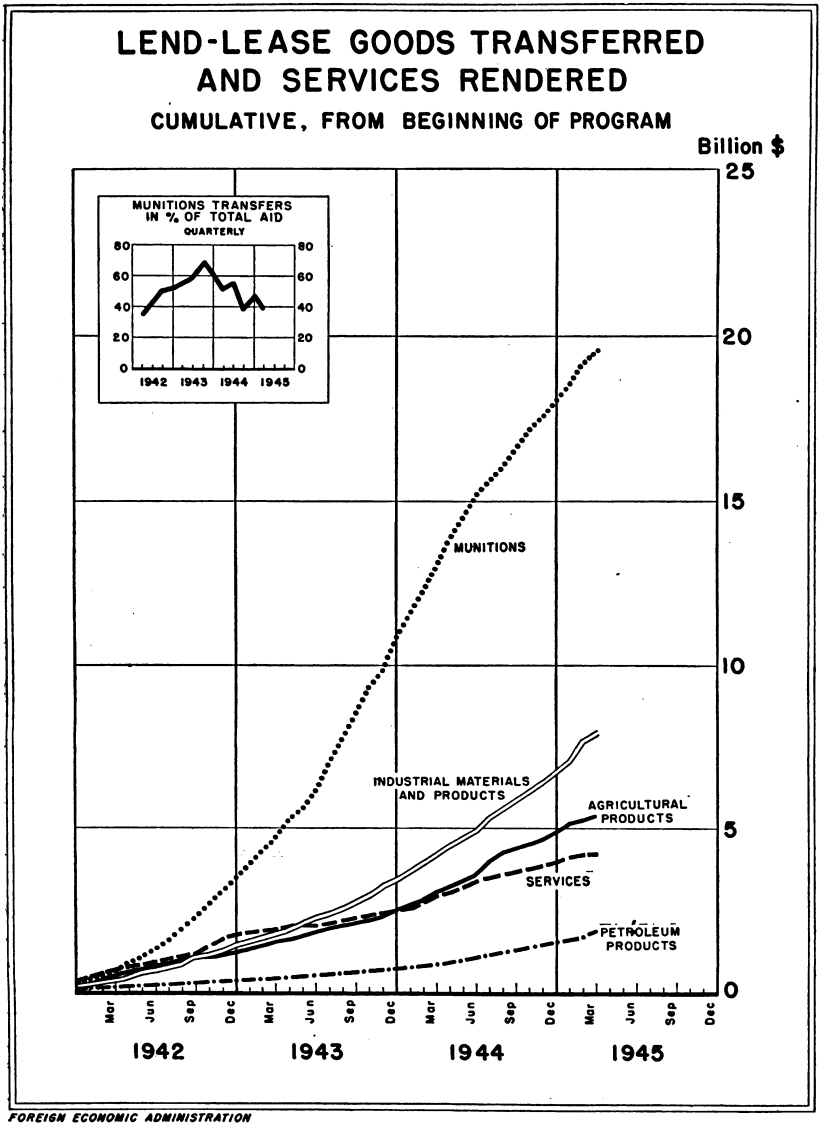
19th Report

LEND-LEASE AID—BY CATEGORY

	Cumulative to April 1, 1945	Percentage Distribution
Goods Transferred:		
Munitions:		
Ordnance	$1,255,780,000	3.2
Ammunition	2,567,649,000	6.6
Aircraft	4,680,871,000	12.0
Aircraft engines, parts, etc	2,320,886,000	6.0
Tanks and parts	3,416,222,000	8.8
Motor vehicles and parts	1,867,367,000	4.8
Watercraft	3,438,065,000	8.8
Total	19,546,840,000	50.2
Petroleum products	1,890,375,000	4.8
Industrial materials and products:		
Machinery	1,973,599,000	5.1
Metals	2,002,212,000	5.1
Miscellaneous materials and manufactures	3,968,346,000	10.2
Total	7,944,157,000	20.4
Agricultural products:		
Foods	4,671,187,000	12.0
Other agricultural products	754,632,000	1.9
Total	5,425,819,000	13.9
Total transfers	34,807,191,000	89.3
Services Rendered:		
Rental of ships, etc	2,868,958,000	7.4
Servicing, repair of ships, etc	557,593,000	1.4
Production facilities in U. S	634,027,000	1.6
Miscellaneous expenses	104,028,000	0.3
Total services	4,164,606,000	10.7
Total Direct Aid	38,971,797,000	100.0
Consignments to U. S. Commanding Generals for subsequent transfer under lend-lease	874,382,000	.....

Table 17

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FOREIGN ECONOMIC ADMINISTRATION

Chart 13

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LEND-LEASE AID

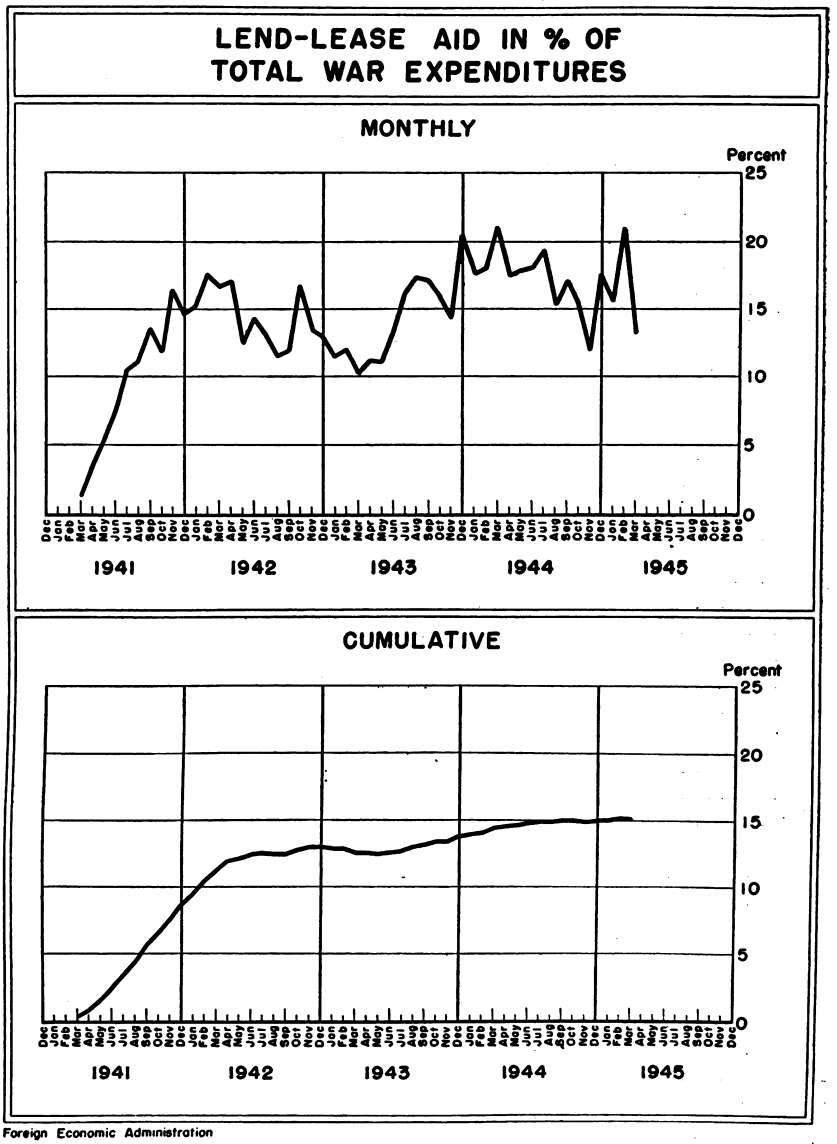
Millions of Dollars

	Monthly			Cumulative		
	Goods	Services	Total	Goods	Services	Total
Jul. 1942	504	91	595	3,564	1,004	4,568
Aug	446	114	560	4,010	1,118	5,128
Sep	544	99	643	4,554	1,217	5,771
Oct	680	235	915	5,234	1,452	6,686
Nov	620	190	810	5,854	1,642	7,496
Dec	694	63	757	6,548	1,705	8,253
Jan. 1943	627	55	682	7,175	1,760	8,935
Feb	656	41	697	7,831	1,801	9,632
Mar	663	24	687	8,494	1,825	10,319
Apr	720	63	783	9,214	1,888	11,102
May	716	74	790	9,930	1,962	11,892
Jun	954	77	1,031	10,884	2,039	12,923
Jul	1,018	32	1,050	11,902	2,071	13,973
Aug	1,114	147	1,261	13,016	2,219	15,235
Sep	1,121	76	1,197	14,137	2,294	16,431
Oct	1,028	73	1,101	15,165	2,368	17,533
Nov	971	105	1,076	16,136	2,473	18,609
Dec	1,300	77	1,377	17,436	2,550	19,986
Jan. 1944	1,214	45	1,259	18,650	2,595	21,245
Feb	1,124	226	1,350	19,774	2,821	22,595
Mar	1,406	224	1,630	21,180	3,045	24,225
Apr	1,266	18	1,284	22,446	3,063	25,509
May	1,160	239	1,399	23,607	3,301	26,908
Jun	1,212	150	1,362	24,819	3,451	28,270
Jul	1,308	82	1,390	26,127	3,533	29,660
Aug	1,009	156	1,165	27,136	3,689	30,825
Sep	1,116	82	1,198	28,252	3,771	32,023
Oct	1,048	97	1,145	29,300	3,868	33,168
Nov	856	39	895	30,156	3,907	34,063
Dec	1,254	65	1,319	31,410	3,972	35,382
Jan. 1945	997	179	1,176	32,407	4,151	36,558
Feb	1,407	55	1,462	33,814	4,206	38,020
Mar	993	[1]—41	952	34,807	4,165	38,972

[1] Negative figure results from adjustment to reflect downward revision in ship charter rates.

Table 18

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Foreign Economic Administration

Chart 14

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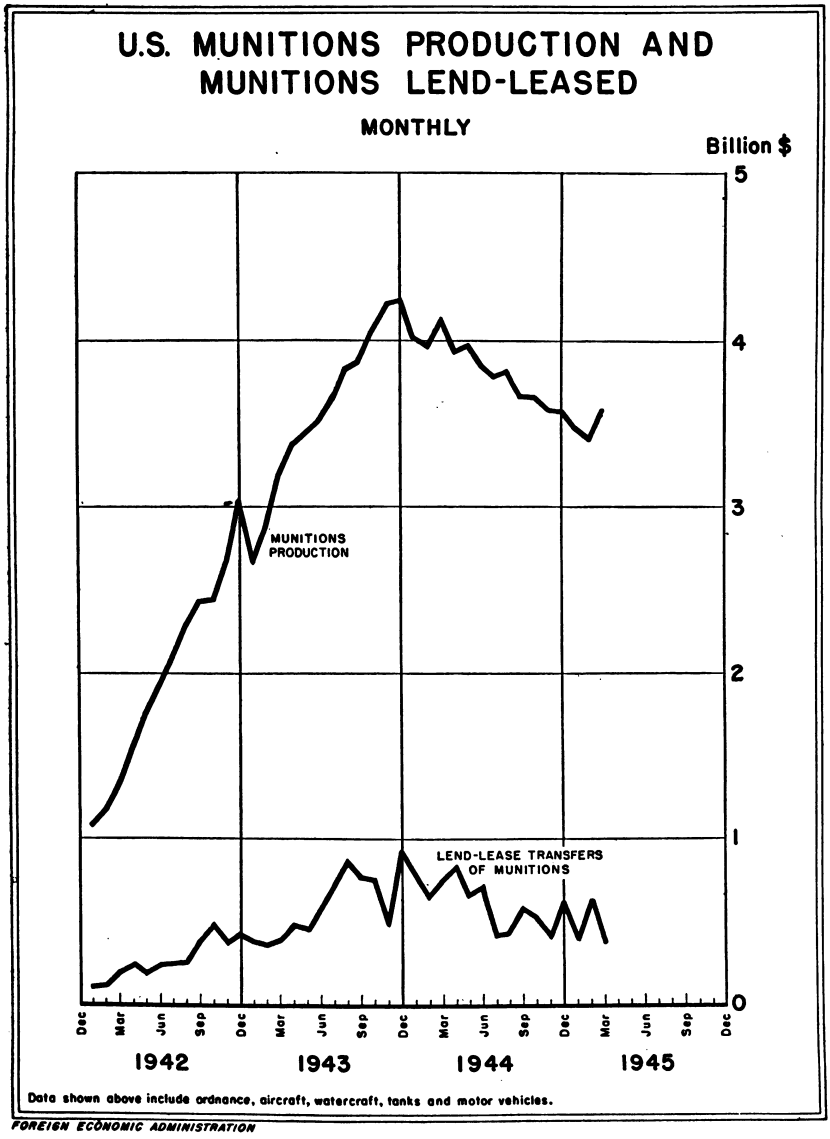


Chart 15

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LEND-LEASE EXPORTS

CUMULATIVE TO APRIL 1, 1945

Millions of Dollars

	United Kingdom	U. S. S. R.	Africa, Middle East and Mediterranean Area	China, India, Australia, and New Zealand	Other countries	Total
Munitions:						
Ordnance	615	320	292	168	88	1,483
Ammunition	1,265	479	410	231	80	2,465
Aircraft and parts	2,213	1,496	884	920	534	6,047
Tanks and parts	1,021	460	632	177	44	2,334
Motor vehicles and parts	666	1,157	482	488	80	2,873
Watercraft	650	240	64	54	24	1,032
Total munitions	6,430	4,152	2,764	2,038	850	16,234
Petroleum products	1,293	85	84	260	15	1,737
Industrial materials and products:						
Machinery	566	1,152	158	260	42	2,178
Metals	736	844	206	277	30	2,093
Other	565	704	283	257	43	1,852
Total industrial	1,867	2,700	647	794	115	6,123
Agricultural products:						
Foodstuffs	2,587	1,312	285	149	49	4,382
Other agricultural products	598	161	33	39	3	834
Total agricultural products	3,185	1,473	318	188	52	5,216
Total	12,775	8,410	3,813	3,280	1,032	29,310

Table 19

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LEND-LEASE EXPORTS—MONTHLY

Millions of Dollars

	United Kingdom	U. S. S. R.	Africa, Middle East, and Mediterranean area	China, India, Australia, and New Zealand	Other countries	Total
January 1942	105	15	24	19	12	175
February	79	55	26	22	12	194
March	149	97	25	46	12	329
April	144	164	45	55	17	425
May	144	70	37	46	9	306
June	210	110	35	36	14	405
July	175	104	65	59	21	424
August	152	150	58	56	18	434
September	214	102	71	67	18	472
October	222	128	98	83	31	562
November	204	191	95	55	16	561
December	208	166	113	97	24	608
January 1943	189	174	94	74	23	554
February	222	193	46	47	26	534
March	309	217	132	67	58	783
April	355	217	116	67	29	784
May	406	179	152	83	36	856
June	424	141	100	101	25	791
July	403	234	221	146	31	1,035
August	445	316	164	112	26	1,063
September	430	308	190	81	32	1,041
October	406	263	165	130	31	995
November	271	344	121	88	33	857
December	425	380	106	116	37	1,064
January 1944	375	313	114	91	31	924
February	435	233	122	75	35	900
March	476	260	89	89	37	951
April	485	254	128	91	29	987
May	594	315	131	131	22	1,193
June	494	286	91	130	34	1,035
July	399	335	85	87	30	936
August	404	305	105	76	38	928
September	413	305	100	109	26	953
October	420	258	80	105	32	895
November	367	299	85	120	31	902
December	235	266	65	98	19	683
January 1945	257	210	60	101	20	648
February	256	229	88	72	14	659
March	302	223	75	100	24	724

Table 20

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STATUS OF NATIONS

Lend-Lease Countries and United Nations

Country	Declared Eligible for Lend-Lease Aid	Lend-Lease Agreement Signed	Reciprocal Aid Agreement Signed	United Nations Declaration Signed	Earliest Date of Existence of State of War With Any Axis Power	Earliest Date of Severance of Diplomatic Relations With Any Axis Power
Argentina	May 6, 1941	.....	.....	.....	Mar. 27, 1945	Jan. 26, 1944
Australia	Nov. 11, 1941	(1)	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	.....
Belgium (2)	June 13, 1941	June 16, 1942	Apr. 17, 1945	Jan. 1, 1942	May 9, 1940	.....
Bolivia	May 6, 1941	Dec. 6, 1941	.....	May 5, 1943	Apr. 7, 1943	Jan. 28, 1942
Brazil	May 6, 1941	Mar. 3, 1942	.....	Apr. 10, 1943	Aug. 22, 1942	Jan. 28, 1942
Canada	Nov. 11, 1941	(4)	.....	Jan. 1, 1942	Sept. 10, 1939	.....
Chile	May 6, 1941	Mar. 2, 1943	.....	Feb. 14, 1945	Feb. 12, 1945	Jan. 20, 1943
China	May 6, 1941	June 2, 1942	.....	Jan. 1, 1942	Dec. 9, 1941	.....
Colombia	May 6, 1941	Mar. 17, 1942	.....	Jan. 17, 1944	Nov. 27, 1943	Dec. 8, 1941
Costa Rica	May 6, 1941	Jan. 16, 1942	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Cuba	May 6, 1941	Nov. 7, 1941	.....	Jan. 1, 1942	Dec. 9, 1941	.....
Czechoslovakia	Jan. 5, 1942	July 11, 1942	.....	Jan. 1, 1942	Dec. 9, 1941	.....
Dominican Republic	May 6, 1941	Aug. 2, 1941	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Ecuador	May 6, 1941	Apr. 6, 1942	.....	Feb. 14, 1945	Feb. 2, 1945	Jan. 29, 1942
Egypt	Nov. 11, 1941	.....	.....	Feb. 28, 1945	Feb. 26, 1945	Sept. 4, 1939
El Salvador	May 6, 1941	Feb. 2, 1942	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Ethiopia	Dec. 7, 1942	Aug. 9, 1943	.....	Mar. 7, 1944	Dec. 1, 1942	.....
France (2)	(3)	Feb. 28, 1945	Feb. 28, 1945	Jan. 1, 1945	Sept. 3, 1939	.....
Greece	Mar. 11, 1941	July 10, 1942	.....	Jan. 1, 1942	Oct. 28, 1940	.....
Guatemala	May 6, 1941	Nov. 16, 1942	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Haiti	May 6, 1941	Sept. 16, 1941	.....	Jan. 1, 1942	Dec. 8, 1941	.....

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Honduras	May 6, 1941	Feb. 28, 1942	.....	Jan. 1, 1942	De.c 8, 1941	.....
Iceland	July 1, 1941	Nov. 21, 1941	.....	.....	.....	.....
India	Nov. 11, 1941	.....	.....	Jan. 1, 1942	Sept. 3, 1939	.....
Iran	Mar. 10, 1942	.....	.....	Sept. 14, 1943	Sept. 9, 1943	Sept. 16, 1941
Iraq	May 1, 1942	.....	.....	Apr. 10, 1943	Jan. 16, 1943	Sept. 5, 1939
Liberia	Mar. 10, 1942	June 8, 1943	.....	Apr. 10, 1944	Jan. 27, 1944	Oct. 2, 1942
Luxembourg	.....	.....	.....	Jan. 1, 1942	May 10, 1940	.....
Mexico	May 6, 1941	Mar. 18, 1943	.....	June 10, 1942	May 22, 1942	Dec. 8, 1941
Netherlands (2)	Aug. 21, 1941	July 8, 1942	Apr. 30, 1945	Jan. 1, 1942	May 10, 1940	.....
New Zealand	Nov. 11, 1941	(1)	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	.....
Nicaragua	May 6, 1941	Oct. 16, 1941	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Norway	June 4, 1941	July 11, 1942	.....	Jan. 1, 1942	Apr. 9, 1940	.....
Panama	May 6, 1941	.....	.....	Jan. 1, 1942	Dec. 7, 1941	.....
Paraguay	May 6, 1941	Sept. 20, 1941	.....	Feb. 14, 1945	Feb. 8, 1945	Jan. 28, 1942
Peru	May 6, 1941	Mar. 11, 1942	.....	Feb. 14, 1945	Feb. 11, 1945	Jan. 24, 1942
Philippines	.....	.....	.....	June 14, 1942	Dec. 7, 1941	.....
Poland	Aug. 28, 1941	July 1, 1942	.....	Jan. 1, 1942	Sept. 1, 1939	.....
Saudi Arabia	Feb. 18, 1943	.....	.....	Apr. 12, 1945	Mar. 1, 1945	Uncertain.
South Africa	Nov. 11, 1941	.....	.....	Jan. 1, 1942	Sept. 6, 1939	.....
Turkey	Nov. 7, 1941	.....	.....	Feb. 28, 1945	Feb. 23, 1945	Aug. 2, 1944
United Kingdom	Mar. 11, 1941	Feb. 23, 1942	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	.....
United States	.....	.....	.....	Jan. 1, 1942	Dec. 7, 1941	.....
U. S. S. R	Nov. 7, 1941	June 11, 1942	.....	Jan. 1, 1942	June 22, 1941	.....
Uruguay	May 6, 1941	Jan. 13, 1942	.....	Feb. 24, 1945	Feb. 22, 1945	Jan. 25, 1942
Venezuela	May 6, 1941	Mar. 18, 1942	.....	Feb. 20, 1945	Feb. 14, 1945	Dec. 31, 1941
Yugoslavia	Nov. 11, 1941	July 24, 1942	.....	Jan. 1, 1942	Apr. 6, 1941	.....

[1] No Master Lend-Lease Agreement has been concluded with either Australia or New Zealand; but in the Reciprocal Aid Agreements entered into with these countries, they accepted the principles of the Lend-Lease Agreement with the United Kingdom as applicable to their lend-lease relations with the United States.

[2] Agreements under Section 3 (c) of the Lend-Lease Act have been signed with Belgium on April 17, 1945, with the Provisional Government of France on February 28, 1945 and with The Netherlands on April 30, 1945.

[3] Territory under the jurisdiction of the French National Committee was declared eligible to receive lend-lease aid on November 11, 1941, and all French territory not under the control of the Axis was declared eligible on November 13, 1942.

[4] In an exchange of notes dated November 30, 1942, Canada accepted the underlying principles of Article VII of the Master Agreement.

Table 21

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FUNDS MADE AVAILABLE FOR LEND-LEASE

Funds for lend-lease purposes are made available in two ways:

I. Lend-Lease Appropriations to the President

First Lend-Lease Appropriation (March 27, 1941)	$ 7,000,000,000
Second Lend-Lease Appropriation (October 28, 1941)	5,985,000,000
Third Lend-Lease Appropriation (March 5, 1942)	5,425,000,000
Fourth Lend-Lease Appropriation (June 14, 1943)	6,273,629,000
Fifth Lend-Lease Appropriation (June 30, 1944)	3,538,869,000
Total	28,222,498,000

II. Transfers Authorized from Other Appropriations

Direct appropriations have been made to the War and Navy Departments and to the Maritime Commission for the procurement of items which are in the main common to the uses of our own armed forces and those of our allies. These items when produced can be used, in other words, by our own armed forces or those of our allies in the manner in which they can be most effective in defeating our common enemy. It is not until they are ready for distribution that they are allocated by the military authorities in accordance with the strategic needs. The appropriation acts in question authorize transfers to our allies under the Lend-Lease Act up to a maximum total of about 36 billion dollars.

This does not mean that 36 billion dollars has been appropriated for lend-lease purposes or that the difference between this amount and the lend-lease transfers made to date is in the form of appropriations available for expenditure for lend-lease purposes. The amounts anticipated to be expended for lend-lease purposes during a particular year by the War and Navy Departments and the Maritime Commission are taken into account when appropriations are requested from the Congress by these agencies. Consequently, it is these budgeted amounts, and the decisions of the military authorities as to the strategic needs of our own forces and the requirements of our allies at the time the transfers are made, rather than the outstanding transfer authority, which determine the amount of funds which are in fact available for expenditure for lend-lease purposes.

War Department:	
Third Supplemental, 1942	$2,000,000,000
Fourth Supplemental, 1942	4,000,000,000
Fifth Supplemental, 1942	11,250,000,000
Sixth Supplemental, 1942	2,220,000,000
Military Appropriation Act, 1943	12,700,000,000
Navy Department: Second Supplemental, 1943	3,000,000,000
Departments Other Than War: Third Supplemental, 1942	800,000,000
Total	35,970,000,000

NOTE.—In addition to the foregoing, Congress has with certain limitations authorized the leasing of ships of the Navy and merchant ships constructed with funds appropriated to the Maritime Commission without any numerical limitation as to the dollar value or the number of such ships which may be so leased. (See for example, Public Law 1, 78th Congress, approved February 19, 1943, and Public Law 11, 78th Congress, approved March 18, 1943.)

Table 22

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APPENDICES

Appendix 1

LEND-LEASE ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

Section 2

As used in this Act—

(a) The term "defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article described in this subsection;

(4) Any agricultural, industrial, or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

Section 3

(a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

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(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government, any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed $1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency, or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory: *Provided, however,* That nothing in this paragraph shall be construed to authorize the President in any final settlement to assume or incur any obligations on the part of the United States with respect to post-war economic policy, post-war military policy, or any post-war policy involving international relations except in accordance with established constitutional procedure.

(c) After June 30, 1946, or after the passage of a concurrent resolution by the two Houses before June 30, 1946, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1949, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1946, or before the passage of such concurrent resolution, whichever is the earlier; *Provided, however,* That nothing in section 3 (c) shall be construed to authorize the President to enter into or carry out any contract or agreement with a foreign government for post-war relief, post-war rehabilitation or post-war

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reconstruction; except that a contract or agreement entered into in accordance with this Act in which the United States undertakes to furnish to a foreign government defense articles, services, or information for use in the prosecution of the present war and which provides for the disposition, on terms and conditions of sale prescribed by the President, of any such defense articles, services, or information after the President determines they are no longer necessary for use by such government in promoting the defense of the United States shall not be deemed to be for post-war relief, post-war rehabilitation or post-war reconstruction.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

Section 4

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense articles or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

Section 5

(a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President, from time to time, but not less frequently than once every 90 days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

Section 6

(a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or

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defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1949.

Section 7

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall, in all contracts or agreements for the disposition of any defense article or defense information, fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owner and holders of such patents.

Section 8

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

Section 9

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

Section 10

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

Section 11

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.



On March 13, 1945, the House of Representatives voted 354–8 to extend the Lend-Lease Act, as amended, until July 1, 1946. The Senate voted unanimously for the extension of the Act, as amended, on April 10, 1945. The President signed the Act on April 18, 1945. The Amendment consisted of a proviso added to subsection (c) of section 3.

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Appendix II

BRITISH MASTER AGREEMENT

Agreement Between the Governments of the United States of America and of the United Kingdom on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, Authorized and Provided for by the Act of March 11, 1941.

Whereas the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the President of the United States of America has determined, pursuant to the Act of Congress of March 11, 1941, that the defense of the United Kingdom against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the United Kingdom aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the United Kingdom receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the United Kingdom and will promote the establishment and maintenance of world peace;

And whereas the Governments of the United States of America and the United Kingdom are mutually desirous of concluding now a preliminary agreement in regard to the provisions of defense aid and in regard to certain considerations which shall be taken into account in determining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions, and formalities which it may have been necessary to perform, fulfill, or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the United Kingdom have been performed, fulfilled, or executed as required;

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The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

Article I

The Government of the United States of America will continue to supply the Government of the United Kingdom with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

Article II

The Government of the United Kingdom will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities, or information as it may be in a position to supply.

Article III

The Government of the United Kingdom will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act or permit the use thereof by anyone not an officer, employee, or agent of the Government of the United Kingdom.

Article IV

If, as a result of the transfer to the Government of the United Kingdom of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the United Kingdom will take such action or make such payment when requested to do so by the President of the United States of America.

Article V

The Government of the United Kingdom will return to the United States of America at the end of the present emergency, as determined by the President, such defense articles transferred under this Agreement as shall not have been destroyed, lost, or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

Article VI

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the United Kingdom subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

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Article VII

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom, in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

Article VIII

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this 23d day of February, 1942.

For the Government of the United States of America:

[SEAL] SUMNER WELLES,
Acting Secretary of State of the
United States of America.

For the Government of the United Kingdom
of Great Britain and Northern Ireland:

[SEAL] HALIFAX
His Majesty's Ambassador Extraordinary
and Plenipotentiary at Washington.

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Identical Master Lend-Lease Agreements have been signed with the following countries: Belgium, China, Czechoslovakia, Ethiopia, Greece, Liberia, The Netherlands, Norway, Poland, Union of Soviet Socialist Republics, and Yugoslavia. Australia and New Zealand have accepted the principles of the Master Agreements.

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Appendix III

AGREEMENT BETWEEN THE UNITED STATES AND BELGIUM UNDER SECTION 3 (c) OF THE LEND-LEASE ACT

As parties signatory to the United Nations Declaration of January 1, 1942, the Government of the United States of America and the Government of Belgium have pledged themselves to employ their full resources, military and economic, against those nations with which they are at war. In the agreement of June 16, 1942, between the Government of the United States of America and the Government of Belgium, each contracting government undertook to provide the other with such articles, services, facilities and information useful in the prosecution of their common war undertaking as each may be in a position to supply.

The Government of the United States of America and the Government of Belgium desire to insure the continuing provision of such articles, services, facilities or information without interruption owing to any uncertainty as to the date when the military resistance of the common enemy may cease; and desire to insure further that such articles, services, facilities or information as shall be agreed to be furnished by the United States for the purpose of providing war aid to the Government of Belgium, shall be disposed of and transferred, following a determination by the President that such aid is no longer necessary to the prosecution of the war, in an orderly manner which will best promote their mutual interests.

For the purpose of attaining the above-stated objectives the Government of the United States of America and the Government of Belgium agree as follows:

Article I

All aid undertaken to be provided by the United States of America under this agreement shall be for Metropolitan Belgium and shall be made available under the authority and subject to the terms and conditions of the Act of Congress of March 11, 1941, as amended and any appropriation acts thereunder.

Article II

The United States of America will transfer or render to the Government of Belgium such of the articles and services set forth in the Schedule annexed hereto as the President of the United States of America may authorize to be provided prior to a determination by the President that such articles and services are no longer necessary to the prosecution of the war. Any articles and services set forth in that Schedule transferred or rendered to the Gov-

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ernment of Belgium prior to such determination shall be provided upon terms the final determination of which shall be deferred until the extent of lend-lease aid provided by the United States of America and of reciprocal aid provided by the Government of Belgium is known and until the progress of events makes clearer the final terms, conditions and benefits which will be in the mutual interests of the United States of America and Belgium, in accordance with the terms of the agreement of June 16, 1942, and which will promote the establishment and maintenance of world peace.

Article III

After a determination by the President of the United States of America that any of the articles and services set forth in the Schedule annexed hereto are no longer necessary to the prosecution of the war, the United States of America will transfer or render, within such periods of time as may be authorized by law, and the Government of Belgium will accept, such articles and services as shall not have been transferred or rendered to the Government of Belgium prior to said determination.

The Government of Belgium undertakes to pay the United States of America in dollars for the articles and services transferred or rendered under the provisions of this Article in accordance with the terms and conditions prescribed in the Schedule annexed hereto.

Article IV

Changes may be made from time to time in the items set forth in the Schedule annexed hereto, by mutual agreement between the United States of America and the Government of Belgium.

The Government of Belgium shall be released from its obligation to accept articles or services, under Article III above, upon payment to the Government of the United States of America of any net losses to the Government of the United States of America including contract cancellation charges resulting from the determination of the Government of Belgium not to accept such articles or services.

Delivery of any articles or services, under the provisions of Article III may be withheld by the Government of the United States of America without cost to the Government of Belgium whenever the President determines that such action is in the national interest.

Article V

Any amounts paid to the Government of the United States of America pursuant to the terms of this Agreement shall be deemed to be among the benefits or considerations provided by the Government of Belgium pursuant to Article VI of the agreement of June 16, 1942.

Schedule

The terms and conditions upon which the articles and services listed below are to be transferred by the United States of America to the Government of Belgium after the determination by the President of the United

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States that such aid is no longer necessary to the prosecution of the war, in accordance with Article III of this Agreement, are as follows:

A. Unless otherwise provided by mutual agreement, transfers of articles to the Government of Belgium shall take place immediately upon loading of the articles on board ocean vessel in a United States port; provided, that those articles which, prior to the end of the periods authorized by law, shall have been contracted for by the United States Government and shall not have been transferred to the Government of Belgium as above set forth, shall be deemed to be transferred to the Government of Belgium upon the last day of such periods. Risk of loss with respect to articles to be transferred to the Government of Belgium shall pass in accordance with the customary practice of the United States Government with respect to transfers under the Act of Congress of March 11, 1941, unless otherwise provided by mutual agreement.

B. The amount which the Government of Belgium shall pay to the United States of America for articles transferred under the provisions of Article III of this Agreement shall be the total purchase price, as determined by the President of the United States, and said total purchase price shall be the price of the articles as determined under paragraph 2 hereof plus the additional costs (incidental to delivery at shipside) set forth in paragraph 3 hereof.

1. In the determination of the price under paragraph 2 the following definitions shall apply:

(a) The term "contract price" means the contract price f. o. b. point of origin paid by the United States Government to the contractor.

(b) The term "current sale price" with respect to any articles means the market price as of the date of transfer to the Government of Belgium of articles of similar quality and in similar quantity as determined by the President.

2. The price of the articles shall be determined as follows:

(a) If the articles transferred to the Government of Belgium are provided out of articles delivered to a United States Government agency pursuant to an order or contract determined by the President to have been placed for some purpose other than that of filling a requisition or request filed by the Government of Belgium, the price shall be the current sale price.

(b) If the articles transferred to the Government of Belgium have been the subject of a contract or order placed by a United States Government agency for the purpose of filling a requisition or request filed by the Government of Belgium and have been made available by the supplier for shipment prior to the day on which the President shall have determined that such articles are no longer necessary to the prosecution of the war, the price shall be the current sale price or the contract price less 5 percent thereof, whichever is lower.

(c) If the articles transferred to the Government of Belgium have been the subject of a contract or order placed by a United States Gov-

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ernment agency for the purpose of filling a requisition or request filed by the Government of Belgium and have been made available by the supplier for shipment on or after the day on which the President shall have determined that such articles are no longer necessary to the prosecution of the war, the price shall be the contract price.

(d) For the purpose of subparagraphs (b) and (c) above, the articles shall be deemed to have been made available for shipment by the supplier on the date of issuance of the United States Government Bill of Lading (inland) under which the articles were shipped.

3. The additional costs to be added to the price to arrive at the total purchase price shall be the costs incurred by the United States for inland transportation, storage and other charges incidental to delivery of the articles at shipside. The United States will inform the Government of Belgium from time to time of the amount of such costs incurred and the bases on which they have been determined.

C. Payment of the total purchase price for all articles transferred under the provisions of Article III of this Agreement, shall be made by the Government of Belgium on or before July 1, 1975.

1. Payment of the total purchase price of any article so transferred shall be made in equal annual installments, the first of which shall become due and payable on July 1, 1946, or on the first of July next following the day on which such article shall have been transferred, whichever is later.

2. Nothing herein shall be construed to prevent the Government of Belgium from anticipating the payment of any of such installments or any part thereof.

3. If by agreement of the United States of America and the Government of Belgium it is determined that, because of extraordinary and adverse economic conditions arising during the course of payment, the payment of a due installment would not be in the joint interest of the United States and the Government of Belgium, payment may be postponed for an agreed-upon period.

D. Interest on the unpaid balances of the total purchase price determined under Section B above for any article so transferred shall be paid by the Government of Belgium at the fixed rate of two and three-eighths percent per annum, accruing from the first day of July 1946 or from the first day of July next following the day on which such article shall have been transferred, whichever is later. Interest shall be payable annually, the first payment to be made on the first day of July next following the first day of July on which such interest began to accrue.

E. The Government of Belgium shall pay to the United States the cost of the services listed in this schedule to the extent that such services shall be rendered to the Government of Belgium following the determination by the President that such services are no longer necessary to the prosecution of the war. The cost of such services, so rendered, shall be determined

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by the President of the United States and shall be paid by the Government of Belgium in accordance with the same terms as provided for the payment of the total purchase price of the articles provided hereunder, as set forth in Section C above. Interest shall be paid on the unpaid balances of the cost of such services in accordance with the terms of Section D hereof.

F. The total purchase price value of all the articles and services in this Schedule 1 shall not exceed $325,200,000. Such articles and services and their estimated cost to the Government of the United States are as follows:

Raw materials	$90,000,000
Food	75,000,000
Petroleum	14,000,000
Agricultural supplies	18,000,000
Clothing, footwear, and shoe-repair materials	5,000,000
Medical supplies	1,500,000
Short life equipment for industrial and transport facilities used in war production	77,000,000
Prisoner-of-war supplies	2,500,000
Freight charges on United States vessels	42,200,000
Total	325,200,000

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Similar Agreements have been signed with the Provisional Government of France and The Netherlands under Section 3 (c) of the Lend-Lease Act.

U. S. GOVERNMENT PRINTING OFFICE: 1945

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TWENTIETH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended June 30, 1945

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TWENTIETH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended June 30, 1945

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"The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose."

[From Section 5, subsection b, of "An Act to Promote the Defense of the United States" (Public Law No. 11, 77th Congress, 1st Session).]

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PRESIDENT'S LETTER OF TRANSMITTAL

To The Congress of the United States of America:

I am transmitting herewith the twentieth report of operations under the Lend-Lease Act for the period ending June 30, 1945.

The costliest, bloodiest, and most destructive war in history has resulted in victory for the cause of decency. All peace-loving men are resolved and determined that the peace and freedom we have won at such tremendous sacrifices shall be preserved.

With the defeat of the Axis powers, whose ruthless plan for world conquest and enslavement came so close to succeeding, the United States has realized the major objective for which lend-lease aid has been extended. That objective, like the objective of our war effort as a whole, was the speeding of victory and the saving of American and other allied lives. Lend-lease and reverse lend-lease helped to unite in a mighty and victorious fighting partnership the separate efforts of the combination of nations resisting the Axis aggressors. Each of our principal fighting partners has contributed to the pool of armed might in accordance with its full abilities and capacities.

The great task of lend-lease has now ended. The programs of lend-lease to our allies are being terminated in an expeditious and orderly manner, subject to military needs for the movement of troops or for occupation purposes.

The United States is assisting in the relief and reconstruction of the war-torn areas of our allies and in the establishment of world trade on the high level necessary to insure full and useful employment and production at home and abroad.

To win the lasting peace for which we and our allies have so bitterly and bloodily fought, we and the other United Nations are firmly resolved to establish in concert the political and economic conditions which are the foundation of freedom and welfare among the nations of the earth.

Harry S. Truman.

The White House,
August 30, 1945.

(Filed August 30, 1945 with the Secretary of the Senate and the Clerk of the House of Representatives, as provided in Section 5–b of the Lend-Lease Act.)

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Chapter 1

LEND-LEASE: INDISPENSABLE INGREDIENT IN VICTORY

After almost six years of the most terrible war in history, the United Nations have achieved complete and total victory over the treacherous and ruthless Axis aggressors. The scheme of the Axis powers to divide and conquer the world has failed.

Nazi Germany is decisively conquered and occupied by the victorious allies. Italy, and the Axis satellites, have been liberated from their Fascist leaders. Japan, the remaining partner in aggression, has capitulated to avoid complete annihilation by the allied armed forces.

America's role as the arsenal of democracy has proved a wise and far-sighted military investment. Following Germany's attack on Poland and while Nazi armies prepared to invade the Western European democracies, those democracies spent hundreds of millions of dollars in our plants and factories for planes and munitions. When their dollars ran out the American people decided to provide war supplies, through lend-lease, to the nations still resisting the Axis aggressors.

When Britain faced Hitlerite Europe alone, the bridge of ships across the Atlantic was the lifeline of supply which enabled Britain to carry on the struggle. When the Nazi armies invaded Russia, the millions of tons of lend-lease goods furnished to the Soviet people aided immensely their resistance to the German attacker and constituted an essential ingredient in the mighty offensives of the Soviet Army from Stalingrad, Moscow and Leningrad to Berlin. When Japan treacherously attacked the United States at Pearl Harbor and Germany and Italy declared war upon us, the Axis scheme to divide and conquer, which had subjugated almost all of Europe, met its crucial test. The decision of the allies to deal first with the stronger and more powerful enemy in Europe and the pooling of resources through lend-lease and reverse lend-lease established the pattern for final victory.

Lend-Lease in the War

The time gained through lend-lease prior to Pearl Harbor was invaluable. Conversion to war production, already stimulated by purchases of war supplies by democratic countries, was greatly advanced by the production of lend-lease supplies for the countries resisting the aggressors. Industrial

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experience in the manufacture of lend-lease planes and munitions and the battle experience of the lend-lease nations with fighting equipment, were a vital beginning in American technological improvements that were later to make our armed forces the best equipped in the world.

In the time gained measures of national defense were taken. The United States Army was being enlarged and trained in the methods of modern mechanized warfare. The United States Navy began a ship building program that was later to make it greater than the combined fleets of all other nations. The world's most powerful air force was rapidly developing. A vast merchant marine to carry the cargoes of war to the democracies and battle fronts was under construction. The joint American-British effort to harness uranium and develop the atomic bomb was launched in this country in secrecy. Great, guarded laboratories and plants, erected and supplied at a cost of $2 billion, were the workshops where American and British scientists, engineers, and military experts won the race to unlock the mystery of uranium and its tremendous power.

On Sunday, December 7, 1941, when Japanese planes dropped their bombs on Pearl Harbor, the United States faced the Axis with determined allies. The lend-lease supplies furnished and the assurance of further supplies to the British Empire, the Soviet Union, and the other foes of the Axis had helped to provide our allies with vital and indispensable sinews of war and strengthened their determination during the dark days when the Wehrmacht ruled most of Europe and seemed invincible. While the United States was taking steps to build its great natural resources, its tremendous industrial and agricultural capacity, and its manpower into a mighty war machine and the arsenal of democracy, Britain, the Soviet Union, China, and other nations were fighting heroically against the Axis aggressors.

The miracle of all-out American production for war was soon felt. American planes, tanks, guns, food and other war supplies for our armed forces overseas and for the lend-lease countries were carried by American and allied merchant ships across the vast sea lanes of the Atlantic and Pacific oceans, protected by the American and British fleets. As lend-lease shipments mounted in tonnage and made their telling blows against the enemy on the battlefields, strategic plans for mighty allied counter-offensives were developed.

In less than 1 year after Pearl Harbor, the tide of Japanese conquest was turned back at Midway and Guadalcanal, and in less than 2 years American forces, teamed with British and other United Nations fighting men, invaded North Africa. While great battles were being fought in Tunisia, Algeria, and Italy and on the long, bloody Eastern Front, and while American marines and doughboys were storming the Jap-held islands in the Pacific, the British Isles were being converted into a gigantic invasion base by American lend-lease supplies and British production. In

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the Pacific, Australia and New Zealand, with the help of tremendous quantities of lend-lease goods and supplies that added strength and power to their own great efforts, became important bases for the long, hard-fought campaigns back to the Philippines. For the offensives launched against the Japanese in Burma and China—the longest of all the allied land fronts, except for the Soviet Eastern front—millions of dollars worth of lend-lease planes, munitions, and other supplies had long been moving forward to China and India.

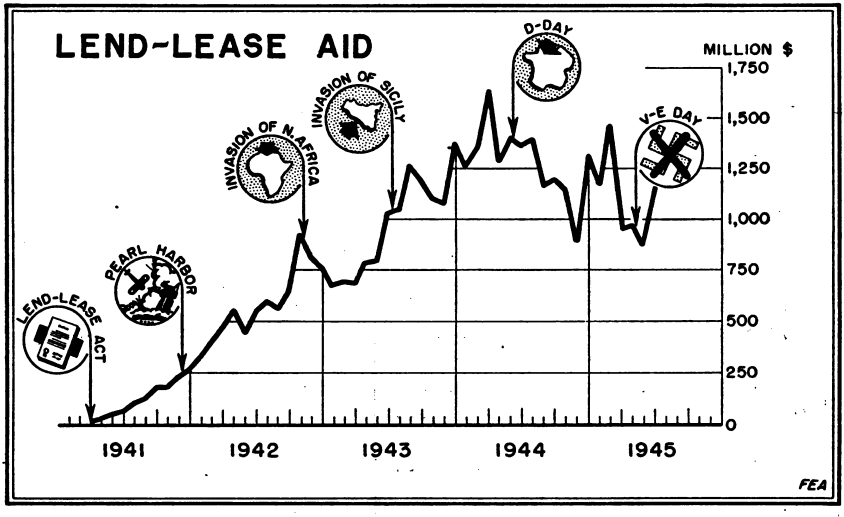


Chart 1

The stream of lend-lease aid which had been flowing to the United Kingdom, the Soviet Union, and the other United Nations arrayed against the Axis Powers reached an all-time high of $1.6 billion in the month of March 1944. That aid was a vital factor in the crushing flood of power which burst forth upon Hitlerite Europe when American, British and Canadian armies under General Eisenhower landed on the Normandy beaches on June 6, 1944, and when the Soviet armies opened new drives against the Wehrmacht from the east. The speed and striking power of the British, French and Russian drives into the heart of Germany were greatly aided by the tremendous quantities of American planes, tanks, guns, transportation and communication equipment, and other supplies furnished under lend-lease. The victories of the American armed forces over the Nazis were in turn aided by the critical supplies and services of all kinds provided as reverse lend-lease by our allies.

Lend-lease and reverse lend-lease aid were also vital factors in the great allied air, sea, and land offensives in the Far East that turned the tide of Japanese conquest and forced the capitulation of Japan. The victories of

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the Australians, New Zealanders and Dutch in the Southwest Pacific, of the British and Indians in India and Burma, and of the Chinese in China, were achieved with the help of lend-lease supplies and equipment. The flow of lend-lease aid to the Soviet Far East helped to strengthen the Soviet Union in its preparation for entry into the war against Japan.

On May 6, 1945, Germany surrendered to the combined forces of the United Nations. On August 14, 1945, Japan capitulated to avoid complete annihilation.

TOTAL LEND-LEASE AID

March 1941 to July 1, 1945

Category	Amount	Percent of Aid
Goods transferred:		
Munitions (including ships)	$20,691,562,000	49.2
Petroleum products	2,184,730,000	5.2
Industrial materials and products*	8,657,714,000	20.6
Agricultural products	5,906,466,000	14.1
Total transfers	37,440,472,000	89.1
Shipping and other services	4,580,307,000	10.9
Total lend-lease aid	42,020,779,000	100.0
Consignments to commanding generals**	788,603,000	

*Includes signal, chemical warfare, and engineer equipment; medical supplies; chemicals, machinery, metals, and minerals; and other military and war production equipment and supplies.

**Goods consigned to United States commanding generals for subsequent transfer in the field to lend-lease countries. The value of such goods transferred is not included in the lend-lease aid total of $42,020,779,000.

Table 1

Lend-Lease Aid

The total financial cost to the United States of its contribution to the allied victory over Germany and Japan amounted to more than $280 billion as of June 30, 1945. Approximately 15 percent of this amount represented the cost of the munitions, industrial and agricultural supplies, shipping and other services furnished to our allies under lend-lease. The remainder, or 85 percent of our total war costs, was spent on our own direct war effort.

In the period from the approval of the Lend-Lease Act on March 11, 1941, through June 30, 1945, lend-lease aid totaled $42,021,000,000. In addition, we had consigned munitions and other war supplies valued at $789 million to United States commanding generals in the field for sub-

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sequent transfer under lend-lease, largely to the French forces during the campaign in North Africa and to the Chinese armies.

The peak in lend-lease aid was reached early in 1944 when preparations were being made for the landings in Normandy and the great Soviet offensives on the Eastern Front. Aid furnished in the first half of 1944 exceeded by $1,645,000,000, or 25 percent, aid in the corresponding period of 1945. Exports of lend-lease goods in June 1945 were a third less than in May and were only half as large as in June 1944. They were the smallest for any month since September 1942.

Munitions, and petroleum products for fueling allied planes, ships, military vehicles and war production and transportation totaled $22,876,000,000 and accounted for more than half of total lend-lease aid through June 30, 1945.

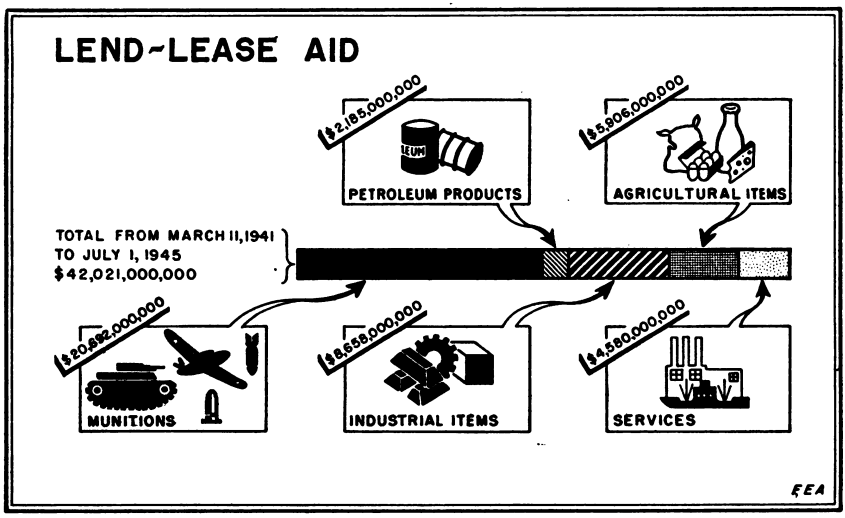


Chart 2

The next largest category, totaling $8,658,000,000 or 21 percent of all lend-lease aid, consisted of non-combat military supplies, such as signal, engineer and communication equipment and medical supplies, and industrial materials and equipment. Of the total, approximately $3 billion represented various types of military equipment and supplies furnished to the armed forces of our allies. Industrial and transportation machinery, equipment, tools and supplies amounted to about $3.5 billion. We had lend-leased a billion dollars worth of iron and steel and nearly a billion dollars worth of other metals and minerals.

Foodstuffs which we had lend-leased to the end of June amounted to $5,095,000,000 and other agricultural products amounted to $812,000,000. The combined total accounted for about 14 percent of the total value of lend-lease aid. In 1944, when food production in this country was at an all-time peak, we sent to our allies under lend-lease about 6 percent of

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our total food supplies. The proportion of such scarce items as beef and veal was much less than the over-all average. Lend-lease shipments of butter, cheese, eggs and canned fish declined during 1945. Table 23 on page 52 shows the proportion of our supply of various kinds of food which was exported in each of the last three years and in the first 5 months of this year.

Where Lend-Lease Goods Have Gone

Munitions and other war supplies furnished under lend-lease have been sent to the areas where they would prove most effective in the winning of the war. As conditions on the war fronts changed and the emphasis shifted from one war theater to another, there was a consequent shift in the distribution of lend-lease goods.

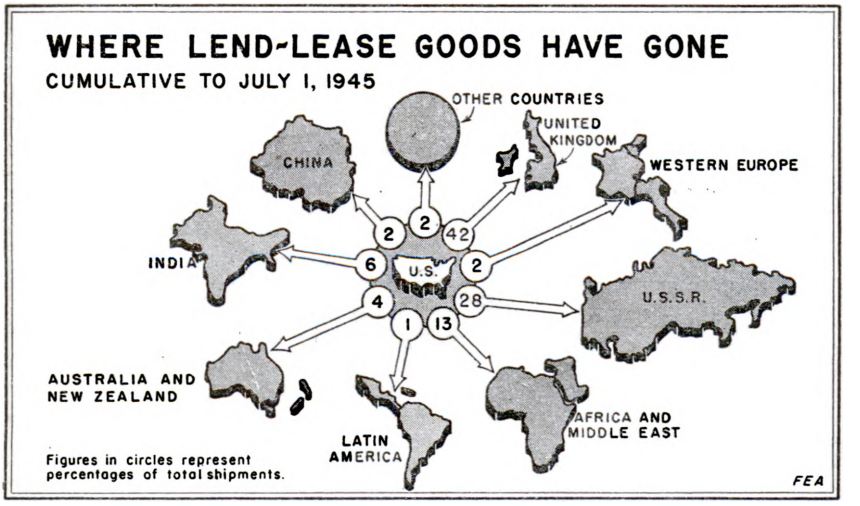


Chart 3

In the early period of lend-lease during the Battle of Britain, when that country was threatened with invasion, most of the goods exported under lend-lease went to the United Kingdom. Later, when the French and British armies were fighting with American forces to drive the Germans out of North Africa, large quantities of lend-lease goods were shipped to that area to help equip the allied troops. The successful Russian offensives on the Eastern Front were preceded by a tremendous, increased flow of lend-lease planes, tanks, and guns, and industrial, transportation and communication supplies to the U. S. S. R. Lend-lease shipments to the United Kingdom reached their peak in the spring of 1944 as preparations were being completed for the invasion of the Continent and the march through Germany.

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With the defeat of Germany, the emphasis on lend-lease shipments was altered in accordance with the aid required by allied forces against Japan. Lend-lease goods shipped across the Pacific in June, to aid the British, Russian, Chinese, and other allied forces, accounted for about 50 percent of total shipments in that month. Another 31 percent went to the United Kingdom to support that country's vital effort in the war against Japan.

LEND-LEASE EXPORTS TO ALL COUNTRIES

Thousands of Dollars

	Jan.–Mar. 1945	Apr.–June 1945	Cumulative to July 1, 1945
United Kingdom	813,036	690,947	13,498,748
U. S. S. R.	664,547	707,051	9,128,875
Africa, Middle East, and Mediterranean area	117,922	87,258	3,334,656
China and India	193,357	207,434	2,231,384
Australia and New Zealand	80,414	121,431	1,378,698
Latin America	12,148	16,398	243,378
Other Countries	150,822	186,943	1,553,170
Total	2,032,246	2,017,462	31,368,909

Table 2

From the beginning of lend-lease through the end of June 1945, 42 percent of all lend-lease goods exported went to the United Kingdom. The U. S. S. R. ranked second with 28 percent of total shipments. Most of the arms and materials sent to those two countries in the past were used in the offensives against Germany from the west and from the east. To aid in the offensives against the Wehrmacht from the south, 13 percent of lend-lease shipments went to Africa and the Mediterranean area. Twelve percent of total shipments went to the Pacific and Asiatic areas.

Detailed information on lend-lease exports by country is given in Table 22, pages 50 and 51.

Reverse Lend-Lease

The United States has benefited greatly from reverse lend-lease aid, as the facts set forth in this report indicate. The system of lend-lease and reverse lend-lease has been one of the most powerful and effective weapons devised by the allies in this war. Its sole purpose has been to make the most effective use against the enemy of the combined resources of all the United Nations, regardless of the origin of the supplies or which of us used them.

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REVERSE LEND-LEASE AID RECEIVED BY THE UNITED STATES, BY CATEGORY AND COUNTRY

Cumulative to April 1, 1945

(Data in some cases are preliminary and are subject to revision)

Category	Amount
Capital installations	$1,195,789,000
Foodstuffs	422,231,000
Clothing	67,157,000
Petroleum and coal products	1,209,379,000
Air Force supplies and equipment	450,137,000
Other military supplies and equipment	857,257,000
Shipping and other transportation	1,032,618,000
Other services	200,100,000
Raw materials and food shipped to United States	165,696,000
Total	5,600,364,000

Country	Amount
United Kingdom	$3,777,383,000
Fiji Islands	10,075,000
Nigeria	2,531,000
Gold Coast	6,286,000
Other Colonies	608,000
Total from United Kingdom	3,796,883,000
Australia	791,282,000
New Zealand*	189,003,000
India	516,713,000
Union of South Africa	885,000
Total British Empire	5,294,766,000
France**	200,615,000
French Africa*	70,335,000
France—New Caledonia*	1,012,000
Belgium*	25,935,000
Belgian-Congo	182,000
Netherlands	1,133,000
Netherlands—Curacao and Surinam*	575,000
China	3,672,000
U. S. S. R.	2,139,000
Total	5,600,364,000

*To May 1, 1945.
**To February 1, 1945.

Table 3

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By April 1, 1945, the United States had received from our allies a total of about $5,600,000,000 of reverse lend-lease aid. Each of our major fighting partners has contributed as much as it could effectively make available, though the contributions of each differed with the circumstances of the war. The major share of reverse lend-lease has been furnished by Britain. Tremendous quantities of supplies and equipment, barracks, and airfields were provided to American forces as reverse lend-lease aid during the entire period when the Biritish Isles were the principal base for operations against the Nazis in the West. In France, Belgium and the Netherlands a vast variety of aid has been supplied since D-day to the liberating American armies under reverse lend-lease. Behind the lines these countries furnished General Eisenhower's forces under reverse lend-lease with the use of their buildings and railroads, the output of their factories, and the service of hundreds of thousands of their workingmen for the common war effort. The Soviets, on the other hand, have required all that they could produce in addition to the aid supplied under lend-lease to throw back the German invaders in the greatest land war in history, although they have provided under reverse lend-lease supplies and services for American vessels and airmen.

The same successful system of combined war supply has been at work in the Far East. The United Kingdom, Australia, New Zealand, India and China have supplied American forces in this theater with reverse lend-lease aid to the utmost of their abilities. The continuing flow of such aid was a vital factor in the final allied offensives against Japan.

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Chapter 2

THE UNITED KINGDOM AND BRITISH ARMED FORCES

Lend-lease shipments to the United Kingdom and British Armed Forces continued to move forward following the defeat of Germany, although on a reduced scale, as an essential and integral part of the combined strategy in the war against Japan. The mobilization of Britain's great war industry for the Far Eastern war, the redeployment of the Empire's army and navy, and the heavy commitments undertaken by the British for the redeployment of American forces and in the occupation of Germany necessitated limited amounts of lend-lease aid to enable Britain to support fully the common war effort and speed the unconditional surrender of Japan.

From the beginning of the lend-lease program in March 1941 through June 30, 1945, lend-lease shipments to the United Kingdom amounted to $13,499,000,000, of which $1,504,000,000 was shipped during the first 6 months of this year.

LEND-LEASE EXPORTS TO UNITED KINGDOM

Thousands of Dollars

	Jan.–Mar. 1945	Apr.–June 1945	Cumulative to July 1, 1945
Ordnance and ammunition	131,482	61,415	1,939,511
Aircraft and parts	192,333	189,685	2,402,900
Tanks and parts	30,083	26,100	1,046,662
Motor vehicles and parts	59,489	38,949	703,982
Watercraft	5,085	3,926	691,898
All munitions	418,472	320,075	6,784,953
Petroleum products	172,352	186,488	1,479,045
Industrial materials and products	73,388	58,655	1,925,304
Agricultural products	148,824	125,729	3,309,446
Total	813,036	690,947	13,498,748

Table 4

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By VE-day lend-lease shipments to the United Kingdom had already declined substantially, and this was possible because of the success of the hard battles of March and April which proved to be the final drives that led to the destruction of the beaten but desperate Wehrmacht and the capitulation of fanatical Nazi forces.

The total value of lend-lease exports to the United Kingdom in the second quarter of this year was $691 million compared with $813 million in the first quarter. March exports amounted to $301 million. In April, shipments declined to $276 million and showed a further reduction in May to $251 million. By June the dollar value of lend-lease shipments to Britain was the lowest since August 1942 and amounted to $164 million. In June only 31 percent of lend-lease exports to all countries went to the United Kingdom, whereas from March 1941 through June 1945 it received 42 percent of lend-lease exports to all countries.

Materials of an immediate and direct military nature, including ordnance, aircraft, tanks, vehicles, and watercraft, represent approximately one-half of all lend-lease shipments to Britain and the remainder is divided almost equally between industrial materials and agricultural products.

Munitions supplied to the United Kingdom since the beginning of the lend-lease program through June 30, 1945, have amounted to $6,785,000,000, of which $739,000,000 were shipped in 1945. Vast quantities of munitions were used up by the British armed forces in the great campaigns on the Continent and more were required to force the capitulation of Japan.

The United Kingdom itself manufactured more than 125,000 planes. All the heavy bombers and most of the fighters that RAF pilots used were produced in the United Kingdom, but we have shipped more than 10,000 medium and light bombers and fighters and miscellaneous aircraft. These



Chart 4

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planes do not include the thousands the British purchased early in the war from us or from Canada. Aircraft and parts shipped under lend-lease in the first half of 1945 had a dollar value of $382 million.

Throughout the war American-made tanks have supplemented British tanks in the armored divisions of the Anglo-American liberating armies. America's General Sherman and General Grant tanks were part of the famed British Eighth Army that drove Rommel's forces from Egypt, Libya, and Tripolitania. In Tunisia, Sicily, and Italy British tankmen also fought in them. British armored divisions were in the thick of the fierce tank battles that crushed the vaunted Wehrmacht's armored divisions in Europe and opened the way to western Germany. Since March 1941 we have shipped 12,750 tanks of all kinds to the United Kingdom.

The United Kingdom has produced 70 percent of all the munitions, equipment, and supplies used by the armed forces of the British Commonwealth and Empire in the prosecution of the war. Britain has been a war production arsenal for the United Nations second only to the United States. We have assisted them to maintain their war production by sending them $1,925,000,000 worth of industrial materials and products. British war production with lend-lease raw materials and equipment saved critical shipping space in the months when Nazi U-boats were taking a heavy toll of allied shipping and when bottoms were at a premium for the long, dangerous voyage across the Pacific.

The grave coal shortage in Europe, that has threatened to paralyze activities on the Continent in support of the redeployment of American and other allied armed forces, has made it necessary to supply the United Kingdom with additional spare parts, machinery, and equipment for coal mining. Inadequate coal supplies will hamper the allied effort to maintain order and restore conditions in the liberated countries and occupied zones. The Allied Control Commission in Berlin has already ordered the German people to gather wood from their forests, for no coal will be available for heating German houses this winter. The tremendous increase in rail transportation in the United Kingdom in preparation for the invasion of Europe and for the continuous flow of goods across the Channel and now for the redeployment of American troops to the United States has taxed heavily British coal supplies. Lend-lease coal machinery and parts have aided England and Wales in increasing their production and thereby relieving the drain upon American coal supplies.

Food has been and will remain for some time a critical problem for the British Isles. In the first 6 months of 1945 we shipped $275 million worth of food and other agricultural products to the United Kingdom, of which $125 million worth were shipped in the last 3 months. To save shipping and to divert agricultural workers to the armament industry and to meet the demands of the armed forces, the United Kingdom had reduced the importation of foodstuffs from the prewar levels of 22 million tons annually to only half that volume in 1942, 1943, and 1944.

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There were 50 percent more acres under the plow in 1944 than 5 years earlier. Lend-lease shipments of fertilizers and limited quantities of agricultural machinery helped Britain to increase its acreage under cultivation. Since V-E day some food requirements have actually become more urgent than before. Food supplies from the normal sources of British imports—the Continent and Australia and New Zealand—are still not available to Britain in prewar quantities. The impact of providing rations for British, American and other allied armed forces and rations for thousands of prisoners of war has reduced Britain's food reserves.

As of March 31, 1945, the United Kingdom had provided 553,690,000 pounds of foodstuffs to American fighting men. This was valued at $68,078,000 and included flour, canned meat, sugar, and tea and other foodstuffs.

REVERSE LEND-LEASE AID FROM THE UNITED KINGDOM

Thousands of Dollars

Category	Cumulative to April 1, 1945
Capital installations	833,385
Foodstuffs	68,078
Clothing	51,769
Petroleum and coal products	910,365
Air Force supplies and equipment	373,093
Other military supplies and equipment	603,590
Shipping and other transportation	705,443
Other services	87,074
Raw materials and food shipped to U. S.	164,086
Total	3,796,883

(Conversion from pound sterling at $4.03.)

Table 5

The United Kingdom has furnished to the United States to the end of March 1945 reverse lend-lease aid valued at $3,796,883,000. The aid which the United Kingdom has furnished to the United States as reverse lend-lease has come from all parts of the Empire and has consisted of a great variety of supplies and services for our armed forces on the far-flung battlefronts, strategic materials such as crude rubber for American war production, foodstuffs such as cocoa, tea, fats and oils, and valuable technical information and inventions for our armed forces and war production.

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The exchange of technical information with the British as lend-lease and reverse lend-lease began before our forces started to assemble in the British Isles, where the major portion of reverse lend-lease aid has been supplied. The development of radar is an example of the manner in which American and British scientists and engineers, as well as military personnel, have worked side by side, pooling their knowledge and technological information to perfect this vital weapon which has played such a major part in the allied victory and saved thousands of American and allied lives. Such aid cannot be measured in monetary terms.

Two outstanding achievements of British science and engineering that were made available to the American armed forces for the offensives against Germany were "Pluto" and "Fido," military security names for the oil pipe line under the Channel and the fog dispersal project, respectively. "Pluto" solved the fuel supply problem for allied operations on the Continent. Since August 12, 1944, "Pluto" pumped 1 million gallons of fuel daily from depots in England to General Eisenhower's Anglo-American armies. "Fido" enabled USAAF and RAF planes to operate from bases in the United Kingdom in spite of heavy fog and mist that often blanketed the airfields.

The use of British passenger ships and freighters to carry American troops and military cargoes have been made available as required under reverse lend-lease. The *Queen Mary* and the *Queen Elizabeth* have recently transported back to the United States under reverse lend-lease the first large contingents of American veterans of the European campaigns. These vessels alone have transported more than a million American troops, and other British liners have similarly been placed at our disposal.

From October 1942 when United States troops began to arrive in the United Kingdom in large numbers, our troops in Britain received approximately three-quarters of their total medical requirements as reverse lend-lease. In addition to medicines of all kinds, surgical dressings, instruments and apparatus, hospitals and recreation centers were also provided.

The two-way supply program still continued after Germany's surrender. Although German guns no longer fired upon allied soldiers, the United Kingdom continued to make available as reciprocal aid supplies, services, and facilities to American forces in the Far East and to American war production, as well as to our forces of occupation in Europe and our forces in the British Isles and on the Continent awaiting redeployment.

The combined system of lend-lease and reverse lend-lease which contributed so much to the victory over Germany was employed fully and effectively in the war against Japan.

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Chapter 3

THE SOVIET UNION

On August 8 the Soviet Union entered the war against Japan. As America's mighty navy and air force, made overwhelmingly more formidable by the atomic bomb, struck at the Nipponese homeland, Soviet Far Eastern forces—3 months after the defeat of Germany—crossed the Manchurian border into Jap-dominated Manchukuo.

Never before in history had such a combination of military power confronted an enemy. Only immediate capitulation could prevent the utter annihilation of the Japanese Empire by the allied forces.

The same lend-lease strategy that helped to make the allies victorious over Hitlerite Europe was an integral part of our plans for the combined offensives against Japan. As lend-lease munitions and supplies lent speed and striking power to the Soviet armies in their great drives on the Eastern Front in Europe, the planes, landing mats, food, transportation

LEND-LEASE EXPORTS TO U. S. S. R.

Thousands of Dollars

	Jan.-Mar. 1945	Apr.-June 1945	Cumulative to July 1, 1945
Ordnance and ammunition	22,376	12,776	809,580
Aircraft and parts	85,804	87,988	1,583,827
Tanks and parts	36,416	18,221	478,394
Motor vehicles and parts	99,086	165,942	1,322,933
Watercraft	16,760	12,634	267,610
All munitions	260,442	297,561	4,462,344
Petroleum products	13,237	19,098	103,975
Industrial materials and products	261,966	247,189	2,946,336
Agricultural products	128,902	143,203	1,616,220
Total	664,547	707,051	9,128,875

Table 6

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equipment and other war supplies which we sent to Soviet Siberia for the Soviet Far Eastern army were effectively used against the vaunted Kwantung army to hasten the day of final victory.

Since the beginning of the lend-lease program for the U. S. S. R. in the fall of 1941 through June 30, 1945, the United States had shipped lend-lease goods valued at $9,129,000,000, which amounted to 28 percent of the total sent to all our allies. The total value of lend-lease aid supplied to the Soviet Union for the war against the aggressors has been second only to that supplied to the United Kingdom. In the second quarter of this year, lend-lease exports to the U. S. S. R. exceeded those shipped to the United Kingdom.

By the end of June we had shipped to the Soviet armies munitions valued at $4,462,000,000, which accounted for 49 percent of total lend-lease shipments to our Soviet ally. Airplanes, parts and spare engines constituted the largest single group of munitions, amounting to $1,584,000,000. More than 14,450 planes, including 9,700 pursuit planes and 3,800 bombers, had left this country for the Soviet Union by June 30, 1945. We also shipped more than 47,700,000 square feet of aircraft landing mats, equivalent to 60 miles of landing strip, 150 feet wide.

Lend-lease made a substantial contribution to the striking power and mobility of the Red Army by providing 7,000 tanks, 3,200 armored scout cars, 2,200 ordnance service vehicles, 52,000 jeeps, 363,000 trucks, and 35,000 motorcycles. Other muntions sent under lend-lease to the Soviet forces to June 30 include 8,200 antiaircraft guns, 135,000 submachine guns, 343,000 tons of explosives, 105 submarine chasers, 195 torpedo boats, and 7,600 marine Diesel engines.

Many of the munitions which we exported under lend-lease to the U. S. S. R. for the war against Germany were used by the Soviet armies in the war against Japan. The speed and crushing power which characterized the Soviet offensives on the Eastern Front were again demonstrated in the drives on the Japanese Kwantung Army.

When the German Wehrmacht overran the Ukraine and the rich industrial areas of southwestern Russia in an attempt to carve out of the Soviet Union a Nazi empire stretching to the Urals, a large part of Soviet industry, which was not destroyed by the Nazis or by the Russians under their scorched-earth policy, was moved inland. Industrial cities and modern factories rose in Soviet Siberia, far from the reach of the Luftwaffe.

To help this Soviet military program and to aid in the expansion of Soviet munitions production, the United States lend-leased large quantities of industrial machinery and equipment to the U. S. S. R. Machine tools valued at $320,000,000, additional metal-cutting tools worth $35,000,000, petroleum-refining equipment having a value of $43,000,000, and $171,000,000 worth of electric generator sets have been supplied under lend-lease for the Soviet production to defeat the Axis. Lend-lease metal exports

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include 2,688,000 tons of steel, 17,600 tons of ferro-alloys, and 810,000 tons of nonferrous metals.

Soviet war factories and resources supplied by far the greater needs of the Russian armies in Europe and of the Soviet Far Eastern armies. But lend-lease munitions and industrial products and materials have been essential ingredients in the victories achieved against the Nazis by the Soviet forces. Soviet Far Eastern armies, with the aid of lend-lease munitions and supplies, also pinned down powerful divisions of the Kwantung Army along the Manchurian border, which the Japanese were consequently not able to divert against American, Chinese, and other allied forces. Later planes and guns and tanks and ammunition, made with Soviet and lend-lease materials, struck telling blows in the Soviet offensives against the Japanese.

When VE-day was proclaimed shipments of lend-lease supplies to European Russia, with certain minor exceptions, ended. Lend-lease aid to the the Soviet Far East was continued. In the period from VE-day until the Soviet declaration of war against Japan, lend-lease exports to the Soviet Far East consisted of war materials and food needed to support the Soviet Far Eastern armies.

The total value of reverse lend-lease aid provided by the U. S. S. R. to the United States to April 1, 1945, is placed at $2,139,000. Inasmuch as American troops have not been stationed in the Soviet Union, there has been little occasion for the extension of reverse lend-lease aid to our armed forces by this ally. However, American merchant ships in Soviet ports have been repaired and provided with supplies as reverse lend-lease without cash expenditure by us. Also, during the height of the attack against Germany, when American pilots based in the United Kingdom were blasting Nazi war plants on shuttle raids, the Soviet Union under reverse lend-lease made available bases at which our planes obtained supplies, and the air-force crews and mechanics were given food and various services.

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Chapter 4

CHINA AND INDIA

China

The Japanese sea blockade of China, the occupation of Chinese coastal areas, and the closing of the Burma Road seriously hindered the flow of lend-lease and other supplies and equipment to our Chinese ally. The allied supply line to China has been through India. In one of the epic feats of the war, American and allied pilots flew supplies from India "over the Hump" to China on the most dangerous air routes in the world to keep American and Chinese bases supplied. Deliveries by air reached a level of more than three times the maximum monthly tonnage ever delivered over the old Burma Road. It was recently announced that the United States Army Air Forces in one day carried in 5,327 tons of freight.

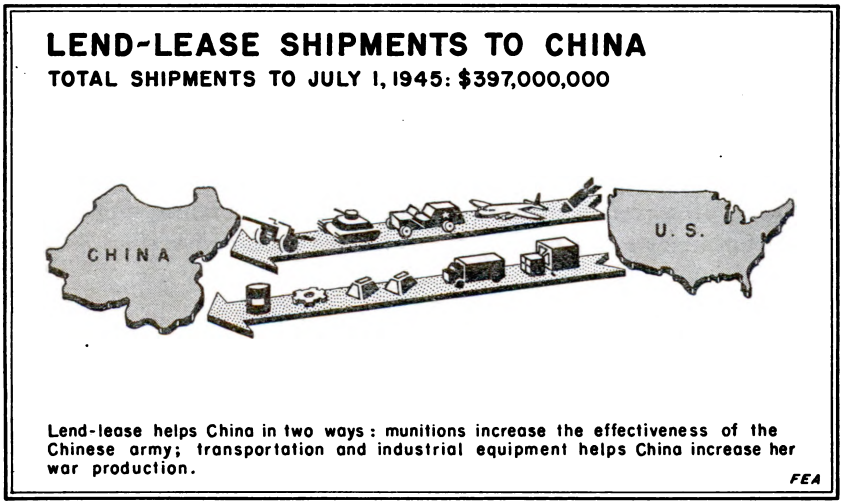


Chart 5

Lend-lease shipments to China through June 30, 1945, were valued at $397 million, including military supplies consigned to the United States Commanding General for subsequent transfer under lend-lease. These exports were in addition to the maintenance and replacement items for both ground and air forces which were shipped by the War Department to

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maintain stocks for the United States Air Service Command and Services of Supply in India and China. When any of these supplies were delivered to the Chinese Air Force and Army they were recorded as lend-lease aid.

In anticipation of further continued improvement in the supply lines into China, the procurement program for lend-lease supplies other than munitions was being stepped up as the war ended. Heavy emphasis was being placed upon efforts to improve China's internal transportation system in preparation for a large scale offensive upon the mainland of Asia should that be necessary. Increasing amounts of raw materials and industrial equipment needed to expand Chinese production of war supplies were also being transported over the long supply line for the same purposes.

LEND-LEASE EXPORTS TO CHINA*

Thousands of Dollars

	Jan.–Mar. 1945	Apr.–June 1945	Cumulative to July 1, 1945
Ordnance and ammunition	4	9	22,956
Aircraft and parts	756	3,568	110,498
Tanks and parts	.....	.....	.....
Motor vehicles and parts	5,504	11,110	37,503
Watercraft	.....	.....	.....
All munitions	6,264	14,687	170,957
Petroleum products	11	146	1,787
Industrial materials and products	449	508	25,158
Agricultural products	.....	.....	97
Total	6,724	15,341	197,999

*The above table shows goods exported to China under direct lend-lease. In addition, munitions and war supplies valued at $198,646,000 have been consigned to United States Commanding Generals for transfer to China under lend-lease. We have also supplied to China certain items in this country, such as trainer planes used in training Chinese pilots in the United States, which are not included in either exports or consignments.

Table 7

Under lend-lease we were conducting a program to train in the United States a diversified group of Chinese technicians in American transportation and industrial techniques. The program provided for short, intensified periods of training to enable these men to use their newly acquired knowledge and techniques to intensify the Chinese war effort. By the end of August a group of 600 will have finished its training and returned to China.

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China has required in her own direct war effort all the supplies she could produce in addition to what has been provided on lend-lease. She has not therefore been in a position to furnish reverse lend-lease to our forces in any considerable quantity. However, the services of hundreds of thousands of workmen were provided for the construction of air bases in China. The Chinese, under reverse lend-lease, provided food and lodging to some of our military forces stationed in China and turned over the P-40 fighter planes that remained when General Chennault's Flying Tigers were disbanded in 1942. The $3,672,000 of the reverse lend-lease reported as received from China represents only the agreed value of these planes.

India

With the heightened tempo of the Pacific war, the role of India increased greatly. India was a supply base for the Southeast Asia Command, which directed the allied armies in Burma and north Borneo, and was a terminal for the movement of materials of war into China. Her urgent need of transportation facilities and industrial and agricultural supplies expanded accordingly. By means of lend-lease the United States helped to meet many of India's needs and strengthened the striking power of the allied forces in the far flung China-Burma-India theater.

Total lend-lease shipments to India from the beginning of the program through June 30, 1945, amounted to $2,033,385,000.

LEND-LEASE EXPORTS TO INDIA*

Thousands of Dollars

	Jan.-Mar. 1945	Apr.-June 1945	Cumulative to July 1, 1945
Ordnance and ammunition	6,817	10,834	248,644
Aircraft and parts	44,883	41,422	507,874
Tanks and parts	1,505	3,904	125,946
Motor vehicles and parts	28,155	37,269	305,967
Watercraft	4,050	19,574	61,420
All munitions	85,410	113,003	1,249,851
Petroleum products	38,795	32,644	149,292
Industrial materials and products	46,981	31,039	471,138
Agricultural products	15,447	15,407	163,104
Total	186,633	192,093	2,033,385

*Includes Ceylon, Burma, and British Malaya.

Table 8

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The major share of these shipments was munitions. Aircraft represented one-quarter of the dollar value of all lend-lease materials sent to India; tanks and vehicles amounted to more than 20 percent; and ordnance 12 percent. With the help of this equipment, Indian and British troops drove the Japanese out of Burma, a country larger in size than Germany.

United States industrial equipment has been of vital assistance to the war program of India since the beginning of the lend-lease program. Modern machinery and tools were required to make full use of the vast capacity of India's factories and mills for the production of weapons and other war materials. Food-processing equipment has been supplied to help increase food production. Through June 30, we had sent industrial materials and products valued at $471,000,000, which represents more than 23 percent of total lend-lease exports to India.

India's transportation, coal production, and dock facilities were not adequate to support the allied campaigns in this theater and the other demands of the war. Through lend-lease, the United States has provided locomotives and other equipment which have helped India effectively to carry the tremendous quantities of war materials required in the allied war effort. India's ports have proved extremely valuable, for example, in the movement of war materials, like jute and mica, provided under reverse lend-lease for war plants in the United States for manufacture into vital war products, such as communication equipment and rope, for the American

REVERSE LEND-LEASE AID IN INDIA *

Thousands of Dollars

Category	Cumulative to April 1, 1945
Capital installations	121,148
Foodstuffs	36,427
Clothing	7,045
Petroleum and coal products	248,435
Air Force supplies and equipment	8,630
Other military supplies and equipment	46,638
Shipping and other transportation	34,153
Other services	14,237
Total	516,713

*Provided both by the United Kingdom and the Government of India. Based on estimates by the United States Army.
(Conversion from Indian rupee: 330.44=$100.)

Table 9

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forces. Under reverse lend-lease, India produced these strategic materials, transported them to shipside and provided loading facilities. The United States under lend-lease provided hauling and transportation equipment. We have also supplied large quantities of tire-making materials to enable Indian plants to produce tires for military vehicles.

Steel drum sheets provided under lend-lease for the production in India of gasoline containers were an important factor in the transportation of gasoline to the allied fighting forces throughout Burma, and also for transportation of gasoline "over the Hump" of the Himalayas to American and allied forces in China. The combination of American steel and Indian manpower in the construction of these containers resulted in a highly effective system of oil transport throughout the theater which has now been supplemented by an oil pipe line into China.

Our forces in India have been provided with substantial amounts of supplies, facilities, and services as reverse lend-lease, without cash payment by us. The most recent figures available, covering the period ended March 31, 1945, indicate that the Indian Government and the British forces in India provided assistance valued at $516,713,000. In the first 3 months of this year alone, we received reverse lend-lease aid in India valued at $104,744,000.

The major part of this aid has consisted of military supplies and equipment and construction. Harbor facilities in Indian ports have been made available to American ships without cost, and expenses in connection with the handling of petroleum products consigned to the United States forces in India have been borne by the Indian Government as reverse lend-lease. Our troops have been provided with 628,000,000 pounds of food valued at $36,427,000.

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Chapter 5

AUSTRALIA AND NEW ZEALAND

Australia and New Zealand, with the help of lend-lease aid, were fully geared for an all-out effort in the war against Japan. In addition to production for their own armed forces, who had fought in extensive campaigns against both Germany and Japan, Australia and New Zealand have furnished large quantities of reverse lend-lease supplies to our armed forces in the Southwest Pacific and the Philippines. Our armed forces in the Pacific have received under reverse lend-lease from Australia and New Zealand 90 percent as much beef and veal as we have exported under lend-lease to all countries.

Australia

Lend-lease exports from the United States to Australia from the beginning of the program to July 1, 1945, amounted to $1,169,260,000. Exports in the first half of 1945 were valued at $189,901,000.

The declining trend in lend-lease aid to Australia, despite her important role in the war against Japan, was accounted for by Australia's increased domestic production made possible by lend-lease equipment received from the

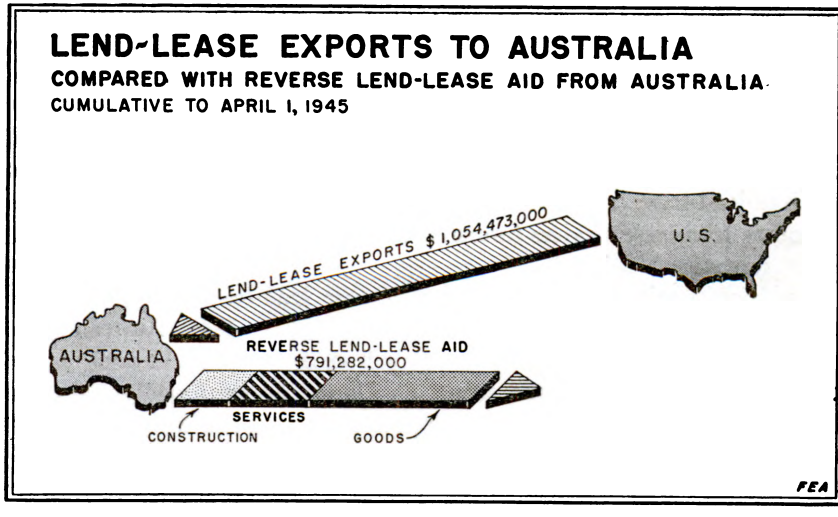


Chart 6

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LEND-LEASE EXPORTS TO AUSTRALIA*

Thousands of Dollars

	Jan.-Mar. 1945	Apr.-June 1945	Cumulative to July 1, 1945
Ordnance and Ammunition	5,656	5,985	112,210
Aircraft and parts	33,339	65,609	364,425
Tanks and parts	.....	.....	41,185
Motor vehicles and parts	9,884	10,701	179,100
Watercraft	1,147	4,588	14,445
All munitions	50,026	86,883	711,365
Petroleum products	4,861	6,344	134,054
Industrial materials and products	17,655	17,308	285,040
Agricultural products	2,572	4,252	38,801
Total	75,114	114,787	1,169,260

*Includes British Oceania, and New Guinea

Table 10

United States early in the war; current reduction of stocks on hand; and the supplying of Australia with military goods on a replacement rather than an initial supply basis.

Lend-lease goods supplied Australia included munitions and military equipment, petroleum products, trucks, synthetic rubber for tires, wood-pulp and paper used in part for packaging the food sent to United States troops by Australia, farm machinery and food processing machinery to increase Australian food production, tin plate for canning, and some tobacco for the Australian armed forces.

The total value of reverse lend-lease aid furnished by Australia to April 1, 1945, amounted to $791,282,000. This compares with $1,054,473,000 worth of lend-lease exports to Australia by the same date. Shipping costs and other lend-lease services furnished to Australia are not included in the export statistics.

Food has continued to be a major reverse lend-lease contribution by Australia to United States forces. As of April 1, 1945, Australia had supplied nearly 200 million dollars worth of food to our troops in the Pacific, thereby relieving the strain on United States food supplies and shipping. This included 372,600,000 pounds of meat and fish, 293,200,000 pounds of dairy products, 714,900,000 pounds of fruits and vegetables, 150,900,000 pounds of sugar and sirups, and 590,600,000 pounds of other foods.

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REVERSE LEND-LEASE AID FROM AUSTRALIA

Thousands of Dollars

Category	Cumulative to April 1, 1945
Capital installations	143,309
Foodstuffs	199,720
Air Force supplies and equipment	62,872
Other military supplies and equipment	153,727
Shipping and other transportation	216,689
Other services	14,965
Total	791,282

(Conversion from Australian pound at $3.23.)

Table 11

New Zealand

Through June 30, 1945, lend-lease supplies shipped to New Zealand totaled $209,438,000 of which only 12.6 percent was shipped during the last year. Lend-lease exports to New Zealand have declined from a peak quarterly value of 29 million dollars in the second quarter of 1943 to a value of only 5 million dollars in the first quarter of 1945.

Munitions accounted for 52 percent of total shipments in the last year; the balance consisted of petroleum, and products and materials for industrial and agricultural uses which were required by New Zealand to keep running at top efficiency the war plant developed in part with materials previously supplied under lend-lease.

The total value of reverse lend-lease aid furnished by New Zealand by May 1, 1945 was $189,003,000, including services and the use of hospitals and other buildings, as well as goods supplied to our armed forces. This compares with $204,693,000 of lend-lease exports of goods to New Zealand by the same date. Shipping costs and other lend-lease services furnished to New Zealand are not included in the export statistics.

New Zealand's principal contribution as reverse lend-lease has been food for our fighting forces. Four days after the first landing of United States Marines on Iwo Jima, food and other supplies from New Zealand were delivered to the beachheads. Food constituted 69 percent of the value of total reverse lend-lease aid from New Zealand during the 12 months ending March 31, 1945. Meats and dairy products make up more than half of the 905 million pounds of foodstuffs received. Other foods included 72 million pounds of sugar and sirups.

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LEND-LEASE EXPORTS TO NEW ZEALAND

Thousands of Dollars

	Jan.–Mar. 1945	Apr.–June 1945	Cumulative to July 1, 1945
Ordnance and ammunition	104	238	33,310
Aircraft and parts	1,305	1,497	48,900
Tanks and parts	.....	.....	14,109
Motor vehicles and parts	1,035	1,395	26,056
Watercraft	.....	.....	2,445
All munitions	2,444	3,130	124,820
Petroleum products	546	1,598	15,601
Industrial materials and products	1,922	1,551	62,971
Agricultural products	388	365	6,046
Total	5,300	6,644	209,438

Table 12

REVERSE LEND-LEASE AID FROM NEW ZEALAND

Thousands of Dollars

Category	Cumulative to May 1, 1945
Capital installations	25,559
Foodstuffs	102,142
Clothing	8,134
Petroleum and coal products	3,282
Air Force supplies and equipment	678
Other military supplies and equipment	22,737
Shipping and other transportation	11,124
Other services	15,347
Total	189,003

(Conversion from New Zeland pound at $3.25.)

Table 13

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Chapter 6

CONTINENTAL EUROPE

French and Dutch forces have fought with American and other allied forces against the Japanese in the Far East. French naval units including the battleship Richelieu, refitted under lend-lease in American ports, have for some time been operating in the war against Japan. Dutch fliers trained in the United States under lend-lease have been flying in the Pacific, and Dutch ground forces participated in the campaigns in the Netherlands East Indies.

Subsequent to their liberation, France, Belgium, and the Netherlands placed their material resources, as well as their fighting men, at the disposal of the United Nations, which have received under reverse lend-lease from these countries millions of dollars worth of supplies and services which were essential to the final victory over Nazi Germany.

These countries have continued to be important bases of allied military activities in Europe. Their ports and transportation facilities, severely damaged as the result of enemy action and the bombings and offensives of the liberating allied forces, their production facilities and the services of thousands of their civilians are indispensable to the redeployment of millions of American and other allied forces and their equipment and to the support of our forces of occupation. Lend-lease aid to these countries has helped to increase the effectiveness of their assistance in our military tasks of redeployment and occupation.

France

Total lend-lease aid from March 1941 through June 30, 1945, to the French in all areas totaled $1,205 million, of which $396 million was supplied in the first half of this year. Of this amount, France has paid or is committed to pay for approximately $400 million worth of essential civilian supplies, sent principally to French Africa.

The supplies and services included in the lend-lease program for continental France enabled our ally to provide more effectively the goods and services indispensable to our military operations on the Continent and in the Far East. In the second quarter of this year, lend-lease food products amounted to 40 percent in tonnage of total shipments to France in this

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quarter and included soybeans, legumes, rice, lard, condensed milk, wheat, sugar, corn, and cattle feed; agricultural raw materials, including cotton, wool, and jute products, accounted for 13 percent of the total; drugs and medical supplies, 3 percent; equipment and industrial raw materials, including agricultural machinery, trucks and boats, tires and tubes, chemicals, paper, metals and minerals, iron and steel products, tinplate, barracks and building materials, 44 percent. Long-life items having a potential postwar use are paid for by France, 20 percent down and the remainder over a period of 30 years.

LEND-LEASE EXPORTS TO FRANCE *

Thousands of Dollars

	Jan.–Mar. 1945	Apr.–June 1945	Cumulative to July 1, 1945
Ordnance and ammunition	2,924	7,363	18,733
Aircraft and parts	.....	.....	369
Tanks and parts	.....	475	475
Motor vehicles and parts	4,259	4,781	10,980
Watercraft	4,934	4,512	9,446
All munitions	12,117	17,131	40,003
Petroleum products	1	15	16
Industrial materials and products	9,171	17,618	31,176
Agricultural products	23,645	37,904	63,524
Total	44,934	72,668	134,719

*The above table shows only the value of lend-lease goods shipped to metropolitan France since its liberation. Total lend-lease aid to France, including aid to the French forces and civilian population in French Africa and including the goods sent to U. S. Commanding Generals for transfer to the French forces, amounted to $1,205,000,000 to July 1, 1945.

Table 14

The value of total reverse lend-lease aid supplied by France from D-day to January 31, 1945, according to figures furnished by the French Government, amounted to approximately $200 million. Complete figures for later periods are not yet available.

Under reverse lend-lease, nearly 3 million American troops which landed in France between D-day and VE-day were billeted and transported on French railways without cash expenditure by the United States. Under reverse lend-lease, the French also provided and paid the labor to unload the ships in the harbors and furnished the warehouses to shelter the goods and the railway cars to transport men and materials, goods, and ammuni-

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tion. They also furnished under reverse lend-lease the manpower to build airfields, barracks, and military camps. French industry has repaired large quantities of war matériel such as tanks and trucks, and made uniforms and an immense variety of other articles indispensable to the United States Army.

The total number of persons employed in France by the United States Army increased from about 25,000 in September 1944 to more than 150,000 in January 1945. The French Government paid these workers as reverse lend-lease aid.

Belgium

Antwerp is the most important single port of embarkation for American men and matériel, and great quantities of goods and services have been furnished by the Belgians to our armed forces under reverse lend-lease without payment by us.

The lend-lease program for Belgium has included essential civilian supplies and short-life equipment necessary for the support of our military activities. Two hundred six thousand long tons of lend-lease materials with a value of $42,057,000 had been shipped to Belgium by June 30, 1945.

LEND-LEASE EXPORTS TO BELGIUM-LUXEMBOURG

Thousands of Dollars

	Jan.-Mar. 1945	Apr.-June 1945	Cumulative to July 1, 1945
Ordnance and ammunition	.....	.....	.....
Aircraft and parts	.....	.....	.....
Tanks and parts	.....	.....	.....
Motor vehicles and parts	4	81	85
Watercraft	.....	.....	.....
All munitions	4	81	85
Petroleum products	.....	.....	.....
Industrial materials and products	257	4,408	4,665
Agricultural products	6,161	31,146	37,307
Total	6,422	35,635	42,057

Table 15

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The bulk of these shipments was composed of foodstuffs and other agricultural supplies, mainly stock feeds. These shipments, together with shipments sponsored by the military forces, were instrumental in raising the official Belgian food ration from its near-starvation ratio of 1,400 calories and in increasing the working efficiency of the Belgian civilians. The shipments of stock feeds under lend-lease helped to avoid the necessity for destroying the underfed Belgian cattle herds which would have resulted in a heavy drain on outside sources of meat, including the United States, for many years to come. Small quantities of clothing and shoes were shipped to Belgium under lend-lease for distribution to dock and transport workers whose labor has been essential to the operations of our forces.

As of May 1, the Belgian Government officially reported reverse lend-lease aid to the United States amounting to $26,117,000 including aid from the Belgian Congo. It has been estimated, however, that because of arrears in reporting, about $53 million of reverse lend-lease aid had been provided as of that date and about $90 million as of May 31. In addition to the services of thousands of its workers, Belgium has provided to the United States Army steel in finished and semifinished form, coal, chemicals, photographic equipment, and nonferrous metals. It has also produced enamelware, paper and glassware in substantial quantities for our troops, and Belgian industry has aided in the reconditioning of Army vehicles. The reconditioning program for vehicles in Belgium has proved highly successful and has been a major factor in speeding up the redeployment of troops through Belgium.

The Netherlands

Lend-lease shipments to the Netherlands through June 30, 1945, amounted to $1,550,000. In addition, 120,000 tons of supplies valued at $20,735,000 were being processed during May and June for the Dutch, although they had not been shipped as of June 30. Among the urgently needed supplies which the program included were food and medical items, to supplement the supplies brought in by the military forces, for the prevention of disease and starvation which would endanger the health and safety of the allied forces. When the Germans surrendered, caloric intake in the most densely populated sections was down to 500 per day. Starvation was rampant and epidemics of typhus and other diseases resulting from malnutrition were being reported.

Fertilizers, farm machinery, seeds, and other agricultural items were also being procured for shipment as fast as possible from the United States in order to restore food production. About 500,000 acres of the most fertile farmland in the Netherlands were flooded by the Nazis before retreating.

Two of the worst bottlenecks affecting military activities in the Netherlands—as in the rest of Europe—have been coal and transport. While the coal mines in South Limburg Province were liberated at an early date and

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were relatively untouched by the Germans, conveyer belting needed for coal production had been almost completely worn out. Coal production consequently fell at its lowest point to less than 20 percent of the prewar figure and continues at present at around 40 percent of the prewar rate. To remedy this situation 430 tons of belting were ordered in this country, and this is expected, together with the necessary pitprops also being furnished, to increase Dutch output of coal by about 6 million tons annually—or to about double the present figure. Such a coal increase will in turn start the wheels of industry moving once again and increase production of supplies required by allied occupation forces.

Steps had been taken to alleviate the transportation crisis in the Netherlands. Approximately 1,700 excess U. S. Army trucks were transferred. Railroad operations were almost completely stopped by the Germans in retaliation for the strike of Dutch railroad workers at General Eisenhower's request. Rails had been torn up and locomotives and rolling stock removed to Germany. Waterways which formerly carried 60 percent of the country's freight are blocked by sunken barges and destroyed bridges.

The Dutch have not yet supplied any substantial amounts of reverse lend-lease to the United States for three reasons: it was one of the last continental countries to be liberated; it was not within the American theater of military operations; and its shipping facilities were so thoroughly destroyed that the principal ports have only recently become usable. Reverse lend-lease aid to us from the Netherlands through March 31 amounted to $1,133,000. In addition Curaçao and Surinam provided reverse lend-lease aid amounting to $575,000 through April 30. A considerable quantity of petroleum from the recently liberated island of Tarakan off Borneo has also been provided under reverse lend-lease.

Italy

During the last phases of the war against Germany, Italy was a co-belligerent of the United States and Italian troops were fighting alongside our troops. Italy also declared war on Japan.

Italy has not, however, been declared eligible to receive aid under the Lend-Lease Act and no aid has been furnished by the United States to the Italian Government on lend-lease terms.

The United States Army has had the responsibility for furnishing the supplies required to maintain the minimum standards of subsistence in Italy necessary to military security and the redeployment and occupation activities of our armed forces. The responsibility for financing this program, however, was recently shifted from the War Department to the Foreign Economic Administration. In the lend-lease program for which Congress recently appropriated funds, $100 million were included for the purchase of foodstuffs and other items required for distribution in Italy. These supplies were for transfer to the Army, which was to administer the program and supervise the distribution of supplies.

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Considerable quantities of goods were shipped to Italy under lend-lease in the period between the invasion of Italy and the fall of Germany. All of these goods, however, were supplied to the British forces stationed there as lend-lease aid to the United Kingdom.

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Chapter 7
LEND-LEASE AND THE PEACE

Lend-lease to our allies has been provided for the sole purpose of winning the war in the shortest time and with the least loss of American and other allied lives. These primary benefits to the United States from lend-lease have been amply demonstrated in the defeat of Nazi Germany and in the victory over Japan.

To win the lasting peace for which we and our allies have so bitterly and bloodily fought, we and the other United Nations are firmly resolved to establish in concert the political and economic conditions which are the foundation of freedom and welfare among the nations of the earth. To achieve this end, and in order that we shall not lose the fruits of our own efforts, the settlements for the lend-lease aid we have provided our allies and for the reverse lend-lease aid they have provided us must fully recognize the great benefits of achieving victory for which lend-lease was created, must satisfy the common-sense requirements of justice among allies, and must promote mutually advantageous economic relations between the United States and other nations.

Benefits to the United States from Lend-Lease

In the original enactment of the Lend-Lease Act, the American people decided through their representatives in Congress that economic assistance by the United States to the governments resisting the Axis aggressors should take the form not of money loans—which was the method used in World War I, with disastrous political and economic consequences—but should take the form of direct war supply assistance. The Lend-Lease Act was entitled, and was envisaged as, an Act to Promote the Defense of the United States. It recognized the fact that the defense of the freedom-loving nations against the aggressors was vital to the defense of the United States, and that it was in our own national interest to furnish aid to these nations for use in their defense. The act provided that the terms and conditions upon which any foreign government receives lend-lease aid should be "those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory."

Since the enactment of the Lend-Lease Act and the subsequent attack and declaration of war on the United States by the aggressors, the world-wide pattern of lend-lease and reverse lend-lease has been developed as an essential part of the common war effort of the United Nations.

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Very great benefits have already been received by the United States and further benefits are assured from the lend-lease aid we have furnished to the other United Nations.

The principal and overriding benefit is the defeat of the aggressors. The speeding of victory and the saving of American lives which have flowed from the use of lend-lease aid by the armed forces and war workers of the other United Nations have been the fundamental objectives of the lend-lease system.

A second great benefit is the reverse lend-lease aid which has been furnished by the other United Nations from their own resources for use by the United States against our common enemies. The reverse lend-lease supply of essential goods and services not available in the United States or most effectively made available by our allies has been a vital factor in strengthening our own armed forces and industrial war effort.

Comparative War Expenditures

The United States has benefited greatly from lend-lease and reverse lend-lease aid, as the facts set forth in this report indicate. But we have benefited far more, and in a far larger sense, from the total fighting effort of our allies, as they in turn have benefited in a far larger sense from our fighting effort.

The United States, which has by far the greatest industrial capacity, has been able to make available to its allies much larger quantities than it has received of munitions and other war supplies, while still retaining the greatest part of its own output for our own armed forces. At the same time, however, the bulk of the munitions and other supplies used by our allies in the war effort have been produced from their own resources, frequently with the vital help of lend-lease aid.

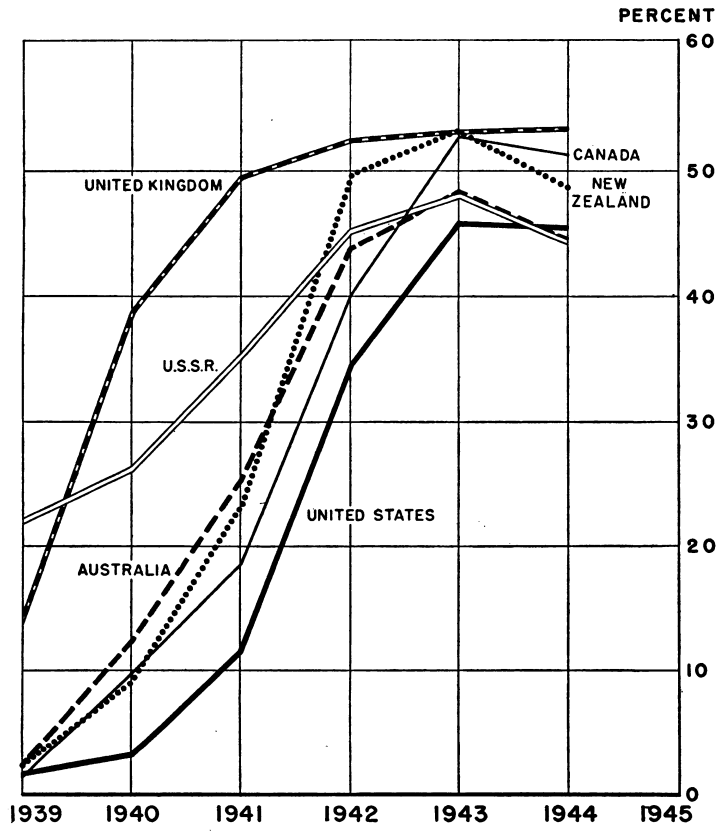
The costs of mutual aid—of lend-lease and reverse lend-lease—are only a small part of the war expenditures even of those nations which have contributed most heavily to their allies in the form of supplies. For example, 15 percent of the war expenditures of the United States have been for lend-lease. These expenditures have not been less effective in promoting the defense of the United States and bringing nearer the ultimate defeat of the enemy than has the 85 percent of our war production which has been used by our armed forces.

The decision as to whether one of the United Nations is to use directly the whole of its production or is to send a part of it to its allies has been made by the military authorities in the light of the over-all war and supply situation without regard to purely financial considerations. The particular contributions of our major fighting partners have differed with the circumstances of war and the resources that are available.

Some countries, like Russia and China, whose productive facilities were overrun or destroyed, have used in the war all they could produce, and have supplied the manpower and the courage to use all the goods and munitions

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that their allies could send them, with magnificent effect against the enemy. The United Kingdom, despite heavy destruction and loss of life from blitz air raids and robot bombs, served as a base for the air offensive against Germany and for the invasion of the Continent. With the material aid of her allies, she has also been able to produce great quantities of war supplies for the use of the forces of the United States, the Soviet Union and other United Nations, as well as of her own forces.



FOREIGN ECONOMIC ADMINISTRATION

Chart 7

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The over-all costs of the war cannot be measured in dollars. They must be and have been met in blood and toil, in lives lost and men maimed, in the immeasurable wreckage of human lives and happiness and the destruction of homes and cities. These are the costs of war that can never be evaluated in monetary terms.

To the extent that the cost of each nation's contribution to the war can be measured in financial terms, probably the best measurement is the proportion of its national income which each of the United Nations is devoting to the war. Trends of war expenditures of several nations as percentages of their national income are shown in Chart 7. These ratios were prepared in the Foreign Economic Administration on the basis of the best and most recent information available. Obviously the accuracy and reliability of such measurements vary from year to year and country to country. In view of the great imperfections in the basic data, the ratios shown in the chart should be regarded as general approximations of trends and magnitudes rather than as exact statistical measurements.

From 1939 when the war broke out in Europe until we were attacked at Pearl Harbor in 1941, the principal nations of the British Commonwealth and the U. S. S. R. were spending much larger portions of their national income for war purposes than the United States was spending for defense purposes. By 1943, the United States, the principal nations of the British Commonwealth and the U. S. S. R. were spending about one-half of their income on war, including their spending for lend-lease and reverse lend-lease. Thus, after 1942 the relative financial costs of the war contributions of the United States and our principal allies were, for practical purposes, approximately equal.

Such a distribution of the financial costs of the war means that no nation can grow rich, or benefit unfairly, from the war efforts of its allies. Although the nations richest in resources make larger contributions in absolute terms, the financial costs of war for each will still be relatively the same. On this basis each ally fulfills its responsibility to contribute its full measure to the defeat of the enemy, and the money costs of war will fall according to the rule of equality of sacrifice and equality in effort.

The Economic Foundations of Peace

In winning the war against the aggressors who sought to enslave the world, we look forward to a lasting period of freedom and economic welfare, in which self-governing men everywhere may freely live as they choose and in which there will be full and useful production and employment in all nations. To win such an enduring peace, we must, in cooperation with the other United Nations, establish mutually advantageous economic relationships between nations. Toward this end, we have sought and shall continue to seek high levels of commerce and stable monetary exchange relationships. These aims have been affirmed by the Congress in the Reciprocal Trade Act of 1945 and in the Bretton Woods legislation.

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These aims are also affirmed in the reciprocal obligations established under Article VII of the Master Lend-Lease Agreements made with the principal lend-lease governments.

Additional great peacetime benefits from lend-lease aid are thus contemplated as a result of the pledges made in Article VII that agreed action shall be sought by all countries of like mind, directed to the expansion of production, employment and the exchange and consumption of goods, to the reduction of tariffs and other trade barriers, and in general to the attainment of the economic objectives of the Atlantic Charter.

By this undertaking, we have declared our intention to avoid the political and economic mistakes of our debt policy in and after World War I. The overwhelming portion of lend-lease aid, which now totals over $42 billion, has been directly consumed by our allies in the war. Invaluable though such lend-lease aid has been to our allies and to us in the common war effort, it differs from articles furnished in normal commerce in that it has not created the wherewithal to repay. If a debt approaching the magnitude of $42 billion were to be added to the other enormous financial obligations that foreign governments have incurred for war purposes and must necessarily incur hereafter for rehabilitation and reconstruction of their war devastated countries, it would have a disastrous effect upon our trade with the United Nations and hence upon production and employment at home. Debts of such magnitudes would drive our chief fighting partners into desperate measures like those developed before the war by the Axis for the forcing of export surpluses, in order to repay us. In a world thus overburdened with unproductive debts, the sound expansion of United States foreign trade and investments abroad would meet almost insuperable barriers. The resulting desperate international commercial rivalry would threaten political stability, and would help to sow the seeds of a new world conflagration.

The attainment of the long-range security and economic objectives of the United States and the other United Nations is a task of the greatest importance if we are not to lose the victory we have won at such tremendous sacrifices. We shall seek, under the procedure prescribed in the Lend-Lease Act and our subsequent lend-lease agreements with other countries, and through other appropriate national and international measures, to achieve settlements of our wartime lend-lease relations which will best attain these objectives, and which will thus establish the indispensable foundations of our economic well-being.

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Chapter 8

STATISTICAL TABLES

LEND-LEASE AID

Millions of Dollars

	Monthly			Cumulative from March 11, 1941		
	Goods	Services	Total	Goods	Services	Total
1943—January	627	55	682	7,175	1,760	8,935
February	656	41	697	7,831	1,801	9,632
March	663	24	687	8,494	1,825	10,319
April	720	63	783	9,214	1,888	11,102
May	716	74	790	9,930	1,962	11,892
June	954	77	1,031	10,884	2,039	12,923
July	1,018	32	1,050	11,902	2,071	13,973
August	1,114	147	1,261	13,016	2,219	15,235
September	1,121	76	1,197	14,137	2,294	16,431
October	1,028	73	1,101	15,165	2,368	17,533
November	971	105	1,076	16,136	2,473	18,609
December	1,300	77	1,377	17,436	2,550	19,986
1944—January	1,214	45	1,259	18,650	2,595	21,245
February	1,124	226	1,350	19,774	2,821	22,595
March	1,406	224	1,630	21,180	3,045	24,225
April	1,266	18	1,284	22,446	3,063	25,509
May	1,160	239	1,399	23,607	3,301	26,908
June	1,212	150	1,362	24,819	3,451	28,270
July	1,308	82	1,390	26,127	3,533	29,660
August	1,009	156	1,165	27,136	3,689	30,825
September	1,116	82	1,198	28,252	3,771	32,023
October	1,048	97	1,145	29,300	3,868	33,168
November	856	39	895	30,156	3,907	34,063
December	1,254	65	1,319	31,410	3,972	35,382
1945—January	997	179	1,176	32,407	4,151	36,558
February	1,407	55	1,462	33,814	4,206	38,020
March	993	*—41	952	34,807	4,165	38,972
April	902	68	970	35,709	4,233	39,942
May	846	33	879	36,555	4,266	40,821
June	886	314	1,200	37,441	4,580	42,021

*Negative figure results from adjustment to reflect downward revision in ship charter rates.

Table 16

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LEND-LEASE AID—BY CATEGORY

	Cumulative to July 1, 1945	Percent of Total Aid
Goods Transferred:		
Muntions:		
Ordnance	$1,291,672,000	3.1
Ammunition	2,652,458,000	6.3
Aircraft	4,967,466,000	11.8
Aircraft engines, parts, etc	2,543,882,000	6.1
Tanks and parts	3,542,997,000	8.4
Motor vehicles and parts	2,074,751,000	4.9
Watercraft	3,618,336,000	8.6
Total	20,691,562,000	49.2
Petroleum products	2,184,730,000	5.2
Industrial materials and products:		
Machinery	2,180,020,000	5.2
Metals	2,069,780,000	4.9
Miscellaneous materials and manufactures	4,407,914,000	10.5
Total	8,657,714,000	20.6
Agricultural products:		
Foods	5,094,724,000	12.1
Other agricultural products	811,742,000	2.0
Total	5,906,466,000	14.1
Total transfers	37,440,472,000	89.1
Services Rendered:		
Rental of ships, etc	3,268,092,000	7.8
Servicing, repair of ships, etc	570,433,000	1.4
Production facilities in U. S	634,210,000	1.5
Miscellaneous expenses	107,572,000	.2
Total services	4,580,307,000	10.9
Total direct aid	42,020,779,000	100.0
Consignment to United States commanding generals for subsequent transfer under lend-lease	788,603,000	.....

Table 17

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LEND-LEASE AID IN PERCENT OF TOTAL U. S. WAR EXPENDITURES

	Monthly	Cumulative from beginning of war program
1943—January	11.5	12.7
February	12.1	12.7
March	10.2	12.4
April	11.2	12.4
May	11.1	12.3
June	13.1	12.4
July	16.3	12.6
August	17.4	12.9
September	17.2	13.1
October	15.8	13.3
November	14.3	13.3
December	20.5	13.7
1944—January	17.6	13.8
February	18.0	14.0
March	21.1	14.4
April	17.5	14.5
May	17.8	14.6
June	18.0	14.8
July	19.3	14.9
August	15.4	14.9
September	17.1	15.0
October	15.3	15.0
November	12.1	14.9
December	17.6	15.0
1945—January	15.6	15.0
February	21.0	15.2
March	11.5	15.1
April	13.6	15.0
May	10.8	14.9
June	15.3	14.9

Table 18

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LEND-LEASE EXPORTS—CUMULATIVE TO JULY 1, 1945

Millions of Dollars

	United Kingdom	U. S. S. R.	China, India, Australia, and New Zealand	Other countries	Total
Munitions:					
Ordnance	638	325	175	385	1,523
Ammunition	1,301	484	243	504	2,532
Aircraft and parts	2,403	1,584	1,032	1,464	6,483
Tanks and parts	1,047	478	181	687	2,393
Motor vehicles and parts	704	1,323	548	579	3,154
Watercraft	692	268	78	94	1,132
Total munitions	6,785	4,462	2,257	3,713	17,217
Petroleum products	1,479	104	301	108	1,992
Industrial materials and products:					
Machinery	592	1,290	277	214	2,373
Metals	741	898	290	251	2,180
Other	592	759	277	363	1,991
Total industrial	1,925	2,947	844	828	6,544
Agricultural products:					
Foodstuffs	2,683	1,453	166	420	4,722
Other agricultural products	627	163	42	62	894
Total agricultural products	3,310	1,616	208	482	5,616
Total	13,499	9,129	3,610	5,131	31,369

Table 19

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LEND-LEASE EXPORTS—BY CATEGORY

Millions of Dollars

	Munitions	Petroleum Products	Industrial Items	Agric. Products	Total
1943—January...	322	27	112	93	554
February..	292	20	112	110	534
March....	454	24	152	153	783
April.....	457	28	178	121	784
May.....	545	30	159	121	855
June.....	426	32	175	158	791
July.....	654	49	177	155	1,035
August...	592	42	229	200	1,063
September.	591	43	200	207	1,041
October..	585	36	193	181	995
November.	505	27	195	130	857
December.	654	28	198	184	1,064
1944—January...	559	37	184	144	924
February..	575	43	172	110	900
March....	599	42	177	133	951
April.....	627	58	163	139	987
May.....	700	73	219	200	1,192
June.....	578	90	222	146	1,036
July.....	486	80	230	139	935
August...	477	97	225	129	928
September.	512	83	194	164	953
October..	445	100	191	159	895
November.	472	66	227	137	902
December.	349	69	166	102	686
1945—January...	322	78	152	98	650
February..	320	62	140	137	659
March....	335	95	155	138	723
April.....	319	95	140	147	701
May.....	373	84	183	148	788
June.....	246	76	101	106	529

Table 20

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LEND-LEASE EXPORTS—BY COUNTRY

Millions of Dollars

	United Kingdom	U. S. S. R.	China, India, Australia, and New Zealand	Other countries	Total
1943—January	189	174	75	116	554
February	222	193	47	72	534
March	309	217	67	190	783
April	355	217	67	145	784
May	406	178	83	188	855
June	424	141	101	125	791
July	403	234	146	252	1,035
August	445	316	112	190	1,063
September	430	308	81	222	1,041
October	406	263	130	196	995
November	271	345	87	154	857
December	425	380	116	143	1,064
1944—January	375	313	91	145	924
February	435	232	76	157	900
March	476	260	89	126	951
April	485	254	91	157	987
May	593	315	131	153	1,192
June	495	286	130	125	1,036
July	398	335	87	115	935
August	404	305	76	143	928
September	413	305	109	126	953
October	420	258	105	112	895
November	368	299	120	115	902
December	237	268	97	84	686
1945—January	256	212	102	80	650
February	256	229	72	102	659
March	301	223	100	99	723
April	276	241	84	100	701
May	251	336	102	99	788
June	164	130	143	92	529

Table 21

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LEND-LEASE EXPORTS

Exports are classified by the country to which the goods are shipped, not by the country for whose account they are shipped. The bulk of supplies exported to Egypt, for example, was for use by the British troops in North Africa and the Middle East and was charged to the United Kingdom account.

Thousands of Dollars

	Jan.-Mar. 1945	Apr.-June 1945	Cumulative to July 1, 1945
EUROPE:			
United Kingdom	813,036	690,947	13,498,748
U. S. S. R.	664,547	707,051	9,128,875
France	44,934	72,668	134,719
Netherlands	509	1,041	1,550
Belgium and Luxembourg	6,422	35,635	42,057
Iceland	157	929	6,758
Other Countries	68,058	53,689	609,814
Total Europe	1,597,663	1,561,960	23,422,521
AFRICA AND MIDDLE EAST:			
French Morocco	8,297	4,977	99,653
Algeria	16,396	19,655	389,859
Tunisia	5,048	4,159	20,520
Libya	138	112	1,293
Egypt	70,492	43,825	1,994,670
Anglo-Egyptian Sudan	46	23	13,180
French Equatorial Africa	222	526	8,919
French West Africa	3,387	4,859	32,486
Gold Coast	37	106	42,183
Nigeria	38	93	21,899
British West Africa	128	222	19,999
Belgian Congo	187	181	20,027
British East Africa	1,109	543	66,285
Union of South Africa	6,829	2,724	233,031
Southern Rhodesia	55	17	12,621
Other Africa	452	1,137	7,599
Turkey	26	1	103,952
Syria	50	132	1,766
Iraq	1,276	887	160,644
Iran	1,421	1,723	62,473
Palestine and Transjordan	293	388	15,292
Other Middle East	1,995	968	6,304
Total Africa and Middle East	117,922	87,258	3,334,655

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FAR EAST AND OCEANIA:			
China	6,724	15,341	197,999
India and Ceylon	186,634	192,093	2,021,169
Burma	.....	.....	3,427
British Malaya	.....	.....	8,790
Netherlands Indies	.....	102	23,652
Australia	75,073	114,438	1,153,746
New Guinea	.....	90	13,675
New Zealand	5,300	6,644	209,438
British Oceania	41	258	1,839
French Oceania	34	51	1,395
Total	273,806	329,017	3,635,130
NORTH, CENTRAL AND SOUTH AMERICA:			
Canada	26,792	17,735	618,072
Newfoundland and Labrador	43	69	2,141
Mexico	1,415	3,066	20,315
Guatemala	.....		21,089
El Salvador	.....	.....	851
Honduras	7	1	313
Nicaragua	18	12	628
Costa Rica	1	.....	139
Bermuda	54	39	2,464
Bahamas	2,105	3,586	57,350
Cuba	95	510	4,385
Jamaica	18	105	6,895
Haiti	6	1	713
Dominican Republic	99	24	1,140
Trinidad and Tobago	551	542	27,379
Curacao	51	15	8,086
French West Indies	850	505	4,771
Colombia	374	17	5,285
Venezuela	222	10	2,715
Surinam	52	19	3,125
Ecuador	181	.....	4,847
Peru	1,405	425	13,996
Bolivia	1,095	1,106	4,392
Chile	1,094	584	20,663
Brazil	5,942	9,161	154,286
Paraguay	22	140	1,387
Uruguay	172	1,339	5,618
Other Countries	191	214	3,558
Total	42,855	39,227	976,603
Total, All Countries	2,032,246	2,017,462	31,368,909

Table 22

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LEND-LEASE FOOD SHIPMENTS IN PERCENT OF SUPPLY

Commodity	1942	1943	1944	Jan.-May 1945
Meats:				
Beef and veal	.3	1.7	.7	1.2
Lamb and mutton	.4	11.2	6.3	5.6
Pork	11.8	14.6	11.0	12.3
Total	6.0	9.3	6.5	6.6
Manufactured dairy products:				
Dry whole milk	3.7	13.1	11.5	11.1
Dry skim milk	22.5	37.4	28.6	5.9
Condensed and evaporated milk	8.4	12.9	13.4	8.8
Butter	.7	4.1	4.2	1.2
Cheese	22.8	14.1	23.2	7.4
Eggs	9.5	12.4	12.1	8.8
Edible fats and oils	11.0	16.8	15.3	14.5
Canned fish	14.6	26.5	12.7	10.0
Fruits:				
Canned fruits and juices	2.4	7.2	5.9	3.7
Dried fruits	14.2	18.2	23.3	22.3
Vegetables:				
Canned vegetables	.7	1.3	1.9	2.0
Dried beans	4.8	12.6	8.8	14.0
Dried peas	6.1	10.2	8.6	11.9
Corn and corn products	.2	.1	.1	.3
Wheat and wheat products	.4	.9	.1	1.0

Table 23

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FUNDS MADE AVAILABLE FOR LEND-LEASE

Funds for lend-lease purposes are made available in two ways:

I. Lend-Lease Appropriations to the President

First Lend-Lease Appropriation (March 27, 1941)	$7,000,000,000
Second Lend-Lease Appropriation (October 28, 1941)	5,985,000,000
Third Lend-Lease Appropriation (March 5, 1942)	5,425,000,000
Fourth Lend-Lease Appropriation (June 14, 1943)	6,273,629,000
Fifth Lend-Lease Appropriation (June 30, 1944)	3,538,869,000
Sixth Lend-Lease Appropriation (July 5, 1945)	2,475,000,000
Total	30,697,498,000

II. Transfers Authorized from Other Appropriations

Direct appropriations have been made to the War and Navy Departments and to the Maritime Commission for the procurement of items which are in the main common to the uses of our own armed forces and those of our allies. These items when produced can be used, in other words, by our own armed forces or those of our allies in the manner in which they can be most effective in defeating our common enemy. It is not until they are ready for distribution that they are allocated by the military authorities in accordance with the strategic needs. The appropriation acts in question authorize transfers to our allies under the Lend-Lease Act up to a maximum total of about $36 billion.

This does not mean that $36 billion has been appropriated for lend-lease purposes or that the difference between this amount and the lend-lease transfers made to date is in the form of appropriations available for expenditure for lend-lease purposes. The amounts anticipated to be expended for lend-lease purposes during a particular year by the War and Navy Departments and the Maritime Commission are taken into account when appropriations are requested from the Congress by these agencies. Consequently, it is these budgeted amounts, and the decisions of the military authorities as to the strategic needs of our own forces and the requirements of our allies at the time the transfers are made, rather than the outstanding transfer authority, which determine the amount of funds which are in fact available for expenditure for lend-lease purposes.

War Department:	
Third Supplemental, 1942	$2,000,000,000
Fourth Supplemental, 1942	4,000,000,000
Fifth Supplemental, 1942	11,250,000,000
Sixth Supplemental, 1942	2,220,000,000
Military Appropriation Act, 1943	12,700,000,000
Navy Department: Second Supplemental, 1943	3,000,000,000
Departments Other Than War: Third Supplemental, 1942	800,000,000
Total	35,970,000,000

NOTE.—In addition to the foregoing, Congress has with certain limitations authorized the leasing of ships of the Navy and merchant ships constructed with funds appropriated to the Maritime Commission without any numerical limitation as to the dollar value or the number of such ships which may be so leased. (See for example, Public Law 1, 78th Cong., approved February 19, 1943, and Public Law 11, 78th Cong., approved March 18, 1943.)

Table 24

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STATUS OF NATIONS

Lend-Lease Countries and United Nations

Country	Declared eligible for lend-lease aid	Lend-Lease agreement signed	Reciprocal aid agreement signed	United Nations declaration signed	Earliest date of existence of state of war with any Axis power	Earliest date of severance of diplomatic relations with any Axis power
Argentina	May 6, 1941	.....	.....	.....	Mar. 27, 1945	Jan. 26, 1944
Australia	Nov. 11, 1941	(1)	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	.....
Belgium [2]	June 13, 1941	June 16, 1942	Apr. 17, 1945	Jan. 1, 1942	May 9, 1940	.....
Bolivia	May 6, 1941	Dec. 6, 1941	.....	May 5, 1943	Apr. 7, 1943	Jan. 28, 1942
Brazil	May 6, 1941	Mar. 3, 1942	.....	Apr. 10, 1943	Aug. 22, 1942	Jan. 28, 1942
Canada	Nov. 11, 1941	(4)	.....	Jan. 1, 1942	Sept. 10, 1939	.....
Chile	May 6, 1941	Mar. 2, 1943	.....	Feb. 14, 1945	Feb. 12, 1945	Jan. 20, 1943
China	May 6, 1941	June 2, 1942	.....	Jan. 1, 1942	Dec. 9, 1941	.....
Colombia	May 6, 1941	Mar. 17, 1942	.....	Jan. 17, 1944	Nov. 27, 1943	Dec. 8, 1941
Costa Rica	May 6, 1941	Jan. 16, 1942	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Cuba	May 6, 1941	Nov. 7, 1941	.....	Jan. 1, 1942	Dec. 9, 1941	.....
Czechoslovakia	Jan. 5, 1942	July 11, 1942	.....	Jan. 1, 1942	Dec. 9, 1941	.....
Dominican Republic	May 6, 1941	Aug. 2, 1941	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Ecuador	May 6, 1941	Apr. 6, 1942	.....	Feb. 14, 1945	Feb. 2, 1945	Jan. 29, 1942
Egypt	Nov. 11, 1941	.....	.....	Feb. 28, 1945	Feb. 26, 1945	Sept. 4, 1939
El Salvador	May 6, 1941	Feb. 2, 1942	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Ethiopia	Dec. 7, 1942	Aug. 9, 1943	.....	Mar. 7, 1944	Dec. 1, 1942	.....
France [2]	(3)	Feb. 28, 1945	Feb. 28, 1945	Jan. 1, 1945	Sept. 3, 1939	.....
Greece	Mar. 11, 1941	July 10, 1942	.....	Jan. 1, 1942	Oct. 28, 1940	.....
Guatemala	May 6, 1941	Nov. 16, 1942	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Haiti	May 6, 1941	Sept. 16, 1941	.....	Jan. 1, 1942	Dec. 8, 1941	.....

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Honduras	May 6, 1941	Feb. 1, 1942	.....	Jan. 28, 1942	Dec. 8, 1941	.....
Iceland	July 1, 1941	Nov. 21, 1941	.....	.....	.....	.....
India	Nov. 11, 1941	.....	.....	Jan. 1, 1942	Sept. 3, 1939	.....
Iran	Mar. 10, 1942	.....	.....	Sept. 14, 1943	Sept. 9, 1943	Sept. 16, 1941
Iraq	May 1, 1942	May 17, 1945	.....	Apr. 10, 1943	Jan. 16, 1943	Sept. 5, 1939
Liberia	Mar. 10, 1942	June 8, 1943	.....	Apr. 10, 1944	Jan. 27, 1944	Oct. 2, 1942
Luxembourg	.....	.....	.....	Jan. 1, 1942	May 10, 1940	.....
Mexico	May 6, 1941	Mar. 18, 1943	.....	June 10, 1942	May 22, 1942	Dec. 8, 1941
Netherlands [2]	Aug. 21, 1941	July 8, 1942	Apr. 30, 1945	Jan. 1, 1942	May 10, 1940	.....
New Zealand	Nov. 11, 1941	([1])	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	.....
Nicaragua	May 6, 1941	Oct. 16, 1941	.....	Jan. 1, 1942	Dec. 8, 1941	.....
Norway	June 4, 1941	July 11, 1942	.....	Jan. 1, 1942	Apr. 9, 1940	.....
Panama	May 6, 1941	.....	.....	Jan. 1, 1942	Dec. 7, 1941	.....
Paraguay	May 6, 1941	Sept. 20, 1941	.....	Feb. 14, 1945	Feb. 8, 1945	Jan. 28, 1942
Peru	May 6, 1941	Mar. 11, 1942	.....	Feb. 14, 1945	Feb. 11, 1945	Jan. 24, 1942
Philippines	.....	.....	.....	June 14, 1942	Dec. 7, 1941	.....
Poland	Aug. 28, 1941	July 1, 1942	.....	Jan. 1, 1942	Sept. 1, 1939	.....
Saudi Arabia	Feb. 18, 1943	.....	.....	Apr. 12, 1945	Mar. 1, 1945	Uncertain.
South Africa	Nov. 11, 1941	Apr. 17, 1945	.....	Jan. 1, 1942	Sept. 6, 1939	.....
Turkey	Nov. 7, 1941	Feb. 23, 1945	.....	Feb. 28, 1945	Feb. 23, 1945	Aug. 2, 1944
United Kingdom	Mar. 11, 1941	Feb. 23, 1942	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	.....
United States	.....	.....	.....	Jan. 1, 1942	Dec. 7, 1941	.....
U. S. S. R	Nov. 7, 1941	June 11, 1942	.....	Jan. 1, 1942	June 22, 1941	.....
Uruguay	May 6, 1941	Jan. 13, 1942	.....	Feb. 24, 1945	Feb. 22, 1945	Jan. 25, 1942
Venezuela	May 6, 1941	Mar. 18, 1942	.....	Feb. 20, 1945	Feb. 14, 1945	Dec. 31, 1941
Yugoslavia	Nov. 11, 1941	July 24, 1942	.....	Jan. 1, 1942	Apr. 6, 1941	.....

[1] No Master Lend-Lease Agreement has been concluded with either Australia or New Zealand; but in the Reciprocal Aid Agreements entered into with these countries, they accepted the principles of the Lend-Lease Agreement with the United Kingdom as applicable to their lend-lease relations with the United States.

[2] Agreements under Section 3 (c) of the Lend-Lease Act have been signed with Belgium on April 17, 1945, with the Provisional Government of France on February 28, 1945, and with The Netherlands on April 30, 1945.

[3] Territory under the jurisdiction of the French National Committee was declared eligible to receive lend-lease aid on November 11, 1941, and all French territory not under the control of the Axis was declared eligible on November 13, 1942.

[4] In an exchange of notes dated November 30, 1942, Canada accepted the underlying principles of Article VII of the Master Agreement.

Table 25

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APPENDICES

Appendix 1

LEND-LEASE ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

Section 2

As used in this Act—

(a) The term "defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article described in this subsection;

(4) Any agricultural, industrial, or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

Section 3

(a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government, any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph except after consultation with

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the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed $1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency, or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory: *Provided, however,* That nothing in this paragraph shall be construed to authorize the President to assume or incur any obligations on the part of the United States with respect to post-war economic policy, post-war military policy, or any post-war policy involving international relations except in accordance with established constitutional procedure.

(c) After June 30, 1946, or after the passage of a concurrent resolution by the two Houses before June 30, 1946, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1949, any of such powers may be exercised to the extent to carry out a contract or agreement with such a foreign government made before July 1, 1946, or before the passage of such concurrent resolution, whichever is the earlier; *Provided, however,* That nothing in section 3 (c) shall be construed to authorize the President to enter into or carry out any contract or agreement with a foreign government for post-war relief, post-war rehabilitation or post-war reconstruction; except that a contract or agreement entered into in accordance with this Act in which the United States undertakes to furnish to a foreign government defense articles, services, or information for use in the prosecution of the present war and which provides for the disposition, on terms and conditions of sale prescribed by the President, of any such defense articles, services, or information after the President determines they are no longer necessary for use by such government in

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promoting the defense of the United States shall not be deemed to be for post-war relief, post-war rehabilitation or post-war reconstruction.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

Section 4

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense articles or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

Section 5

(a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President, from time to time, but not less frequently than once every 90 days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

Section 6

(a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1949.

Section 7

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall, in all contracts or agreements for the disposition of any defense article or defense information, fully protect the rights of all citizens of the United States who have patent rights in and to any such

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article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owner and holders of such patents.

Section 8

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

Section 9

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

Section 10

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

Section 11

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.



On March 13, 1945, the House of Representatives voted 354–8 to extend the Lend-Lease Act, as amended, until July 1, 1946. The Senate voted unanimously for the extension of the Act, as amended, on April 10, 1945. The President signed the Act on April 18, 1945. The Amendment consisted of a proviso added to subsection (c) of section 3.

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Appendix II

SOVIET MASTER AGREEMENT

Agreement between the United States of America and the Union of Soviet Socialist Republics on the principles applying to mutual aid in the prosecution of the war against aggression.

Whereas the Governments of the United States of America and the Union of Soviet Socialist Republics declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the Governments of the United States of America and the Union of Soviet Socialist Republics, as signatories of the Declaration by United Nations of January 1, 1942, have subscribed to a common program of purposes and principles embodied in the Joint Declaration, known as the Atlantic Charter, made on August 14, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom of Great Britain and Northern Ireland, the basic principles of which were adhered to by the Government of the Union of Soviet Socialist Republics on September 24, 1941;

And whereas the President of the United States of America has determined, pursuant to the act of Congress of March 11, 1941, that the defense of the Union of Soviet Socialist Republics against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the Union of Soviet Socialist Republics aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the Union of Soviet Socialist Republics receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the Union of Soviet Socialist Republics and will promote the establishment and maintenance of world peace;

And whereas the Governments of the United States of America and the Union of Soviet Socialist Republics are mutually desirous of concluding now a preliminary agreement in regard to the provision of defense aid and in regard to certain considerations which shall be taken into account in de-

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termining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions and formalities which it may have been necessary to perform, fulfill or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the Union of Soviet Socialist Republics have been performed, fulfilled or executed as required;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

Article I

The Government of the United States of America will continue to supply the Government of the Union of Soviet Socialist Republics with such defense articles, defense services, and defense information as the President of the United States of America shall authorize to be transferred or provided.

Article II

The Government of the Union of Soviet Socialist Republics will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities or information as it may be in a position to supply.

Article III

The Government of the Union of Soviet Socialist Republics will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act of March 11, 1941 of the Congress of the United States of America or permit the use thereof by anyone not an officer, employee, or agent of the Government of the Union of Soviet Socialist Republics.

Article IV

If, as a result of the transfer to the Government of the Union of Soviet Socialist Republics of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the Union of Soviet Socialist Republics will take such action or make such payment when requested to do so by the President of the United States of America.

Article V

The Government of the Union of Soviet Socialist Republics will return to the United States of America at the end of the present emergency, as determined by the President of the United States of America, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

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Article VI

In the final determination of the benefits to be provided to the United States of America by the Government of the Union of Soviet Socialist Republics full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the Union of Soviet Socialist Republics subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

Article VII

In the final determination of the benefits to be provided to the United States of America by the Government of the Union of Soviet Socialist Republics in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the Union of Soviet Socialist Republics, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 14, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom, the basic principles of which were adhered to by the Government of the Union of Soviet Socialist Republics on September 24, 1941.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

Article VIII

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this eleventh day of June, 1942.

For the Government of the United States of America

CORDELL HULL,
Secretary of State of the United States of America.

For the Government of the Union of Soviet Socialist Republics

MAXIM LITVINOFF,
Ambassador of the Union of Soviet Socialist Republics at Washington.

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The following is an exchange of notes between the Secretary of State and the Ambassador of the Union of Soviet Socialist Republics at Washington:

DEPARTMENT OF STATE
Washington, June 11, 1942.

EXCELLENCY:

In connection with the signature on this date of the Agreement between our two Governments on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, I have the honor to confirm our understanding that this Agreement replaces and renders inoperative the two prior arrangements on the same subject between our two Governments, the most recent of which was expressed in the exchange of communications between the President and Mr. Stalin dated respectively February 13, February 20, and February 23, 1942.

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL,
Secretary of State of the United States of America.

His Excellency MAXIM LITVINOFF,
Ambassador of the Union of Soviet Socialist Republics.

JUNE 11, 1942.

EXCELLENCY:

In connection with the signature on this date of the Agreement between our two Governments on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, I have the honor to confirm our understanding that this Agreement replaces and renders inoperative the two prior arrangements on the same subject between our two Governments, the most recent of which was expressed in the exchange of communications between the President and Mr. Stalin dated respectively February 13, February 20, and February 23, 1942.

Accept, Excellency, the renewed assurances of my highest consideration.

MAXIM LITVINOFF,
Ambassador of the Union of Soviet Socialist Republics at Washington.

His Excellency CORDELL HULL,
Secretary of State of the United States of America,
Washington, D. C.

☆ ☆ ☆

Similar Master Lend-Lease Agreements have been signed with the following countries: Belgium, China, Czechoslovakia, Ethiopia, Greece, Iraq, Liberia, The Netherlands, Norway, Poland, The United Kingdom, and Yugoslavia. Australia and New Zealand have accepted the principles of the Master Agreements.

U. S. GOVERNMENT PRINTING OFFICE: 1948

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TWENTY-FIRST REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended September 30, 1945

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TWENTY-FIRST REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended September 30, 1945

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PRESIDENT'S LETTER OF TRANSMITTAL

To the Congress of the United States of America:

I am transmitting herewith the 21st report of operations under the Lend-Lease Act for the period ending September 30, 1945.

Until VJ-day, lend-lease and reverse lend-lease operated to speed the redeployment of our troops from Europe and to insure the final victory over Japan. This report primarily describes the extent of aid rendered under the Lend-Lease Act prior to the cessation of hostilities. The surrender of Japan signaled the termination of lend-lease as a weapon for victory and prompt steps were taken by this Government to insure a rapid but orderly reduction of lend-lease expenditures and to bring to a close the employment of lend-lease procedures in supplying essential war needs to our allies.

Concurrently, negotiations have begun with many of the lend-lease governments looking toward a final settlement of the lend-lease and reverse lend-lease accounts. At the present time, such lend-lease negotiations have been successfully concluded with the United Kingdom, the largest single recipient of lend-lease supplies. The measures taken to wind up and settle the lend-lease program are outlined only briefly in this report but will be described in full in subsequent reports.

The Master Agreements that have been concluded with the various lend-lease governments contain the pledge that the terms and conditions of the lend-lease settlements are to be "such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations." In the process of terminating lend-lease and in carrying on our negotiations for final settlements with the various governments, these principles of Article VII will be before us as a reminder of the goal which this Government must constantly seek.

Harry S. Truman.

The White House,
January 31, 1946.

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Chapter 1

LEND-LEASE DRAWS TO A CLOSE

During the third quarter of 1945, hostilities came to a close with the capitulation of Japan. In recognition of the fact that the Lend-Lease Act had become primarily an instrumentality for the effective prosecution of the war, immediate steps were taken to terminate lend-lease aid and lend-lease procedures, and to secure a final accounting of the vast transactions which had been carried on under the Lend-Lease Act. This terminal operation, still under way, will be largely completed by July 1, 1946.

This report will not include any complete or final account of the methods employed in winding up lend-lease; such an account will be deferred until the full story of termination procedures and results can be presented. It is the purpose of this report to describe only the general nature of the termination policy and operations, and to complete the picture of lend-lease as a weapon for victory during the concluding months of the war.

(1) *Termination Policy.*—Immediately after the surrender of Japan, the President approved a program designed to terminate activities under the Lend-Lease Act with all speed commensurate with the magnitude of the operation and the importance of the activity to the future development of peaceful commerce with our allies. In general, the policy required the immediate discontinuance, with certain exceptions, of "straight" lend-lease; that is, the granting of aid in goods and services without specific agreement for payment, other than under the broad terms of the master lend-lease agreements. The exceptions are either directly related to military activities in occupation or redeployment, or to avoidance of dislocations in supply activities essential to the United States. At the same time, provision was made for a less abrupt termination of another type of lend-lease assistance, designed to assist our allies in the procurement of needed supplies under terms specifically requiring them to make full payment for goods and services received. Adherence to this policy has meant the almost complete cessation of expenditures of land-lease funds, except to the extent that these funds had been encumbered by obligations assumed prior to VJ-day and with the additional exception of lend-lease aid to China referred to in section (8), below.

(2) *Pipe line Arrangements.*—Material for which contracts had been placed under the Lend-Lease Act, but which had not been transferred to an ally prior to VJ-day is called the lend-lease "pipe line." Much of this material consisted of items specially designed and produced for a particular requirement, having little or no value unless used for the original purpose. With the termination of lend-lease, imme-

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diate action was required with respect to such material. Pursuant to instructions from the President, governments receiving lend-lease aid were advised that these materials would be transferred upon their undertaking to make payment upon terms to be mutually agreed. It was understood that these terms would follow the general pattern of the agreements previously entered into with France, Belgium, and Holland under section 3 (c) of the Lend-Lease Act. Such an agreement was entered into by the United States and USSR on October 15, 1945, calling for transfer of the Russian pipe line material upon specified credit terms. A copy of this agreement is printed as an appendix to this report. Similar agreements are in the process of negotiation with other governments, and the over-all settlement with the United Kingdom includes an arrangement of this type covering the pipe line.

(3) *Lend-Lease of Freight Charges.*—An important exception to the termination of "straight" lend-lease aid was made in the case of ocean freight charges. Abrupt termination of the existing procedure would have disrupted the international shipping pool with far reaching adverse effects upon our own plans for maintaining United States flag shipping services. At the same time it would have made almost impossible the task of supplying the needs of allied armies engaged in carrying out the surrender and in effectuating the occupation of enemy territory. Accordingly, it was agreed that essential supplies would be carried for the various lend-lease governments under "straight" lend-lease for a period of 60 days after VJ-day. This procedure was modified, beginning November 1, 1945, by permitting the lend-leasing of certain freight charges on undertakings by the governments involved for eventual payment. The extent of these services differed among various countries. After December 31, 1945, the only ocean freight to be paid by this government will be on articles in the pipe line or transferred under directives of the Joint Chiefs of Staff. These charges with respect to pipe line goods will be subject to repayment in accordance with the terms of the agreements mentioned in section (2) above.

(4) *Offsetting Arrangements.*—In order not to lose the advantages of the smoothly working lend-lease and reverse lend-lease supply arrangements, which were in effect among the allied nations on VJ-day, on offsetting mechanism was set up between this government and certain of our allies. It was agreed that the United States and these governments would continue to furnish essential supplies and services to each other without current payment. It was further agreed that in the final settlement, the accounts for such current items would be offset against each other and against the pipe line and other indebtedness. This arrangement was particularly advantageous to the United States Army in areas such as the United Kingdom where large quantities of supplies were being furnished by the British under reverse lend-lease. If cash payments had suddenly been required, considerable disruption in the flow of goods and services would probably have occurred.

All of these arrangements will be terminated at the earliest practicable date. In the case of the United Kingdom, by mutual agreement the arrangements with that country are being almost completely terminated as of December 31, 1945.

(5) *Extension of the Cash Reimbursement Procedure.*—Under a procedure developed during the war, our allies were permitted to obtain

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supplies of a nature not eligible for "straight" lend-lease, with the assistance of United States procurement agencies, by paying the purchase price in advance—the so-called cash reimbursement procedure. When "straight" lend-lease was terminated, the foreign governments were permitted to obtain essential articles and services through this procedure for a period of 60 days. The procedure is still employed for special cases, chiefly involving articles already owned by the United States Government which would become surplus, with a probable loss to the United States if the foreign government did not take them over. The cash reimbursement procedure was also used to assure the shipment of coal to the areas in Europe which were in urgent need of fuel, without disruption to the handling of coal supply problem in the United States. Use of this mechanism has not involved the use of any lend-lease funds, but has been invaluable to our allies in insuring an uninterrupted flow of the supplies which they so urgently need during this critical winter. It is believed that it will be possible to discontinue use of this procedure at the end of the fiscal year.

(6) *Extension of Felgian Lend-Lease Program.*—A special problem was presented in the case of Belgium, which had furnished supplies and services to United States troops of a value far in excess of lend-lease aid which she had received from this Government. Every equitable consideration called for a recognition by the United States of the obligation so created. Accordingly, the Secretary of State recommended, and the President approved, transfer of substantial supplies and equipment to Belgium on a "straight" lend-lease basis. This transfer is now taking place. Because of the peculiar circumstances of Belgium's case, it is not considered that a precedent has been set for the future, even though final accountings should reveal somewhat similar situations with respect to other countries.

(7) *Aid to Italy.*—During the course of the last lend-lease appropriation hearings it was explained that a sum of $100,000,000 of the lend-lease appropriations was to be used to finance essential supplies for Italy. These supplies were to be transferred to the United States War Department for distribution during the occupation period. As of VJ-day the major portion of this sum had been expended, and transfers of material procured with the remaining portion of the fund have taken place since that date. The termination of hostilities did not end the military occupation nor eliminate the necessity for these supplies, and therefore the expenditure of the remaining funds has proceeded in accordance with the original plans.

(8) *Continuance of Lend-Lease Aid to China.*—An exception to the general policy of discontinuing lend-lease aid with the formal ending of hostilities on VJ-day was necessary in the case of war supplies furnished to the Chinese Army. Large numbers of Japanese troops were in China at the time of the Japanese surrender, which made impossible a large scale demobilization of Chinese forces. It was essential that these forces which had been seriously under-equipped during the entire war be provided with the equipment necessary to expel Japanese forces from Chinese areas. Transfers of this equipment, which became available only after VJ-day, have continued in substantial quantities under the directives of the Joint Chiefs of Staff and with the approval of the President. Withdrawal of U. S. troops from China has been speeded by this program.

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(9) *Final Settlements.*—Announcement has been made of an agreement between the United States and the United Kingdom, embracing a variety of financial matters outstanding between the two governments, including the lend-lease and reverse lend-lease accounts, and also the disposition of American surplus property located in the United Kingdom. Meanwhile, other lend-lease governments have been requested to prepare inventories of lend-lease materials still on hand, and otherwise to prepare themselves for negotiating settlement agreements. It is expected that most of these agreements will be completed by the end of this fiscal year, although it should be understood that in many instances the agreements will require subsequent accounting and fiscal operations to determine the exact amounts due in particular cases.

(10) *Transfer of Lend-Lease Functions.*—The President, on September 27, 1945, issued Executive Order No. 9630, terminating the Foreign Economic Administration, and transferring its duties under the Lend-Lease Act to the State Department, where they are presently administered by the Foreign Liquidation Commissioner. Personnel involved in lend-lease administration is being rapidly decreased, and it is expected that by the end of this fiscal year major operations under the Lend-Lease Act will have been largely concluded. Integration of the lend-lease responsibilities with the disposition of surplus property abroad in the Office of the Foreign Liquidation Commissioner makes possible a coordinated handling of these related problems in connection with current and prospective international settlements.

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Chapter 2

LEND-LEASE AID TO OUR ALLIES

Lend-lease was one of the principal means through which the United States brought its great material resources to bear against the enemy. It became the powerful allied weapon for victory. Lend-lease goods reached every fighting front in such quantities that they played vital roles in the victories over the Axis. Often lend-lease war materials were the margin which meant success to allied arms instead of defeat or retreat.

TOTAL LEND-LEASE AID

Millions of Dollars

(The figures in this table are not comparable with those on lend-lease aid which have been published in earlier reports)

Category	Mar. 1941 to Oct. 1, 1945	Mar. 1941 to July 1, 1945	July–Sept. 1945
Goods transferred to foreign governments:*			
Munitions (including ships)	22, 102	21, 387	715
Petroleum products	2, 317	2, 173	144
Industrial materials and products**	9, 689	9, 210	479
Agricultural products	6, 089	5, 864	225
Total transfers	40, 197	38, 634	1, 563
Shipping and other services	3, 755	3, 560	195
Total charged to foreign governments	43, 952	42, 194	1, 758
Other lend-lease charges:			
Production facilities in the United States	710	634	76
Transfers to Federal agencies	972	815	157
Other charges and expenses	406	502	−96
Total	2, 088	1, 951	137
Total aid	46, 040	44, 145	1, 895

*Includes goods consigned to United States commanding generals for subsequent transfer in the field to lend-lease countries.

**Includes signal, chemical warfare, and engineer equipment; medical supplies; chemicals, machinery, metals, and minerals; and other military and war production equipment and supplies.

Table 1

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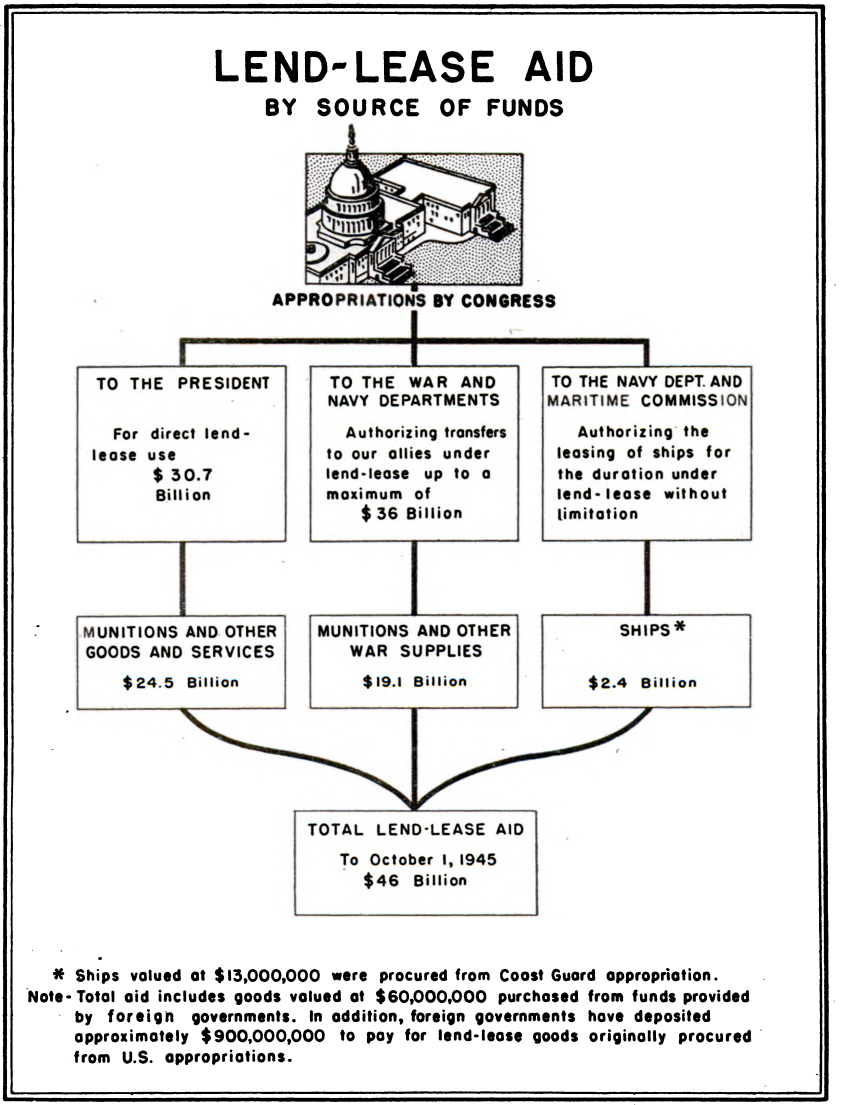


Chart 1

Long before American troops had engaged the Germans in large-scale fighting, lend-lease tanks and jeeps, communication equipment, rolling stock, planes, guns, and heavy artillery were aiding the defenders of Stalingrad and helping General Montgomery's Eighth Army hold and repulse the Afrika Korps in Egypt. In the Battle of Britain lend-lease arms, planes, and industrial supplies were in the thick of the struggle before the first American soldier arrived in the United Kingdom. The great quantities of food which we sent to feed British troops and war workers were helping to sustain them in the Battle of Britain.

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Lend-Lease Aid

Total lend-lease aid from the beginning of the program on March 11, 1941, to October 1, 1945, and reported as of the latter date, amounted to $46 billion. This represented an increase since June 30, 1945, of $1.9 billion. A break-down of the total amount is shown in Table 1. (See also Table 20, p. 37.)

These figures are not wholly comparable with the figures on lend-lease aid which have been published in earlier reports, due to a change in the classification of lend-lease accounts. Certain items procured with lend-lease funds have not been included heretofore in the totals of lend-lease aid. One of the two principal items which are now for the first time included consists of consignments to United States commanding generals. The value of these goods, which have been shipped by the United States Army to commanding generals in the field for subsequent transfer to lend-lease countries, has been shown in earlier reports as additional lend-lease aid rather than as a part of it. The second principal item now included consists of goods procured with lend-lease funds and which have been transferred to Federal agencies for their own use. Some of these supplies have in turn been transferred to foreign governments. The remainder represents the value of such goods procured out of lend-lease appropriations, but does not constitute direct aid to lend-lease governments.

It was not possible during the period of the war to enter in the lend-lease accounting records complete details concerning all lend-lease aid provided to our allies. This was particularly true in the case of goods transferred in the field by the United States armed forces. Consequently the figures reported to date do not completely reflect the total amount of aid. Full information is being compiled as rapidly as possible and will be included in future reports.

The figures on lend-lease aid include the value of certain goods procured and furnished to foreign governments through the lend-lease mechanism for which we are reimbursed in full. Canada obtained in this country during the war, for instance, through the cooperation of United States military authorities and by means of lend-lease procedure, needed military equipment which could not be procured on the open market. Canada paid us in full, however, for all such equipment. We have been reimbursed by the French for the large quantities of civilian goods which we sent under lend-lease to French North Africa. Funds have been received from a large number of other countries in payment of lend-lease goods. For example, countries such as Iceland, the Belgian Congo, and most of the Middle East countries received material other than finished munitions of war only upon cash payment terms. Furthermore, the Latin American countries pay for agreed portions of the costs of all lend-lease aid received by them.

Total funds received from foreign governments as payment for articles lend-leased or as advances on articles requisitioned amounted to approximately $1 billion by the first of October. Figures on the total amount of lend-lease aid overstate by this amount the financial cost of lend-lease to the United States.

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Total lend-lease aid in the form of articles and services furnished to October 1, 1945, which was charged to foreign governments, not including items which could not be so charged, amounted to $43.95 billion. Of this total amount, 69 percent was furnished to the British Empire, 25 percent to the U. S. S. R., 1½ percent to China and 4½ percent to other countries.

LEND-LEASE AID, BY COUNTRY

March 1941 to October 1, 1945

Country	Amount
British Empire	$30, 269, 210, 000
U. S. S. R.	10, 801, 131, 000
France	1, 406, 600, 000
China	631, 509, 000
American Republics	421, 467, 000
Netherlands	162, 157, 000
Greece	75, 416, 000
Belgium	52, 443, 000
Norway	34, 640, 000
Turkey	28, 063, 000
Yugoslavia	25, 885, 000
Other countries	43, 284, 000
Aid not charged to foreign governments	2, 088, 249, 000
Total lend-lease aid	46, 040, 054, 000

Table 2

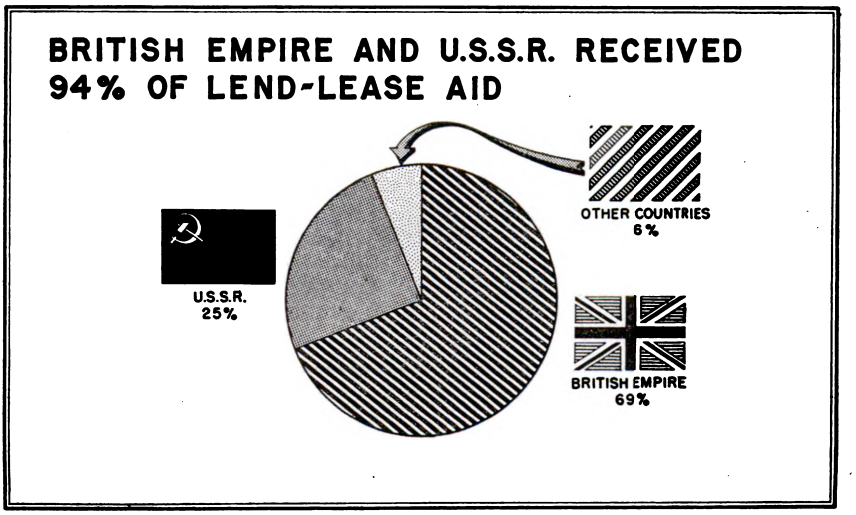


Chart 2

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Types of Aid Furnished

Goods supplied to our allies under lend-lease consisted of those types which were most needed in the prosecution of the war and which were available from United States supplies. Decisions as to the distribution of munitions and other war supplies as between the forces of the United States and those of our allies were made by top military and civilian officials of the United States and allied governments. Supremacy in aerial warfare was vital to success in all the war theaters, and the final supremacy of the allied forces was assured by the 45,000 planes which were supplied them under lend-lease. Aircraft production increased at such a tremendous rate in this country through the joint effort of American labor, management, capital, and Government that our factories were able to produce the planes needed for our own forces and those lend-leased. The value of planes, spare engines and parts which we lend-leased from the beginning of the program to the first of October 1945 amounted to more than $8 billion, exceeding the value of any other type of aid, but still only 15 percent of our total aircraft production.

Ordnance and ammunition totaled $4.2 billion, tanks $3.7 billion, other motor vehicles $2.3 billion, and ships $3.8 billion. Munitions of all types supplied to allied forces under lend-lease totaled $22 billion, which accounted for 48 percent of the cost of all lend-lease aid. In addition, we supplied $2.3 billion of petroleum products for fueling allied planes, tanks, and military motor vehicles.

We helped expand munitions production in allied countries by lend-leasing them industrial machinery and equipment valued at $2.5 billion. We furnished them metals, for use in producing planes, tanks, guns, and ammunition, valued at $2.35 billion. Miscellaneous materials and manufactures which were lend-leased, including large quantities of military equipment, amounted to $4.8 billion.

Food is as essential in warfare as is ammunition. Foodstuffs grown on American farms and processed in American factories played an important part on the world's battlefronts as well as on the industrial fronts behind the lines. Allied soldiers, and civilians who were actively engaged in supporting the war effort, were supplied American food valued at $5.2 billion. Other agricultural products, principally cotton and tobacco, amounted to $860 million.

Services rendered to our allies under the lend-lease program amounted to $3.8 billion. Those included the rental and charter of American ships for transporting lend-lease cargo, ferrying of aircraft, repairs to allied naval and merchant ships, and other essential war services.

Lend-Lease Exports

Goods supplied under lend-lease were shown in Table 1 as amounting to $40.2 billion, exceeding the value of lend-lease exports by $7.7 billion. This difference is accounted for by several factors, the most important of which are discussed below.

(1) Consignments to United States commanding generals, amounting to $806 million, are properly included in the total value of goods transferred, but since they were shipped on Army trans-

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ports together with supplies for our own forces they are not reported in export statistics.

(2) A large number of naval and merchant ships which have been lend-leased for the duration are not classified as exports.

(3) Goods purchased outside the United States and shipped directly to lend-lease countries, such as sugar sent under lend-lease from Cuba to the U. S. S. R., are included in transfers but not exports.

(4) In some cases goods transferred under lend-lease have been used in this country, such as planes used in training Chinese pilots, and consequently have never been exported.

LEND-LEASE EXPORTS TO ALL COUNTRIES

Thousands of Dollars

Category	Jan.–June 1945	July–Sept. 1945	Cumulative Oct. 1, 1945
Ordnance and ammunition	297, 217	34, 863	4, 089, 941
Aircraft and parts	891, 703	225, 251	6, 729, 295
Tanks and parts	136, 425	6, 851	2, 400, 431
Motor vehicles and parts	517, 534	157, 560	3, 312, 966
Watercraft	96, 976	19, 624	1, 169, 167
All munitions	1, 939, 855	444, 149	17, 701, 800
Petroleum products	489, 701	82, 077	2, 074, 143
Industrial materials and products	868, 087	239, 185	6, 780, 182
Agricultural products	772, 130	345, 225	5, 959, 215
Total	4, 069, 773	1, 110, 636	32, 515, 340

Table 3

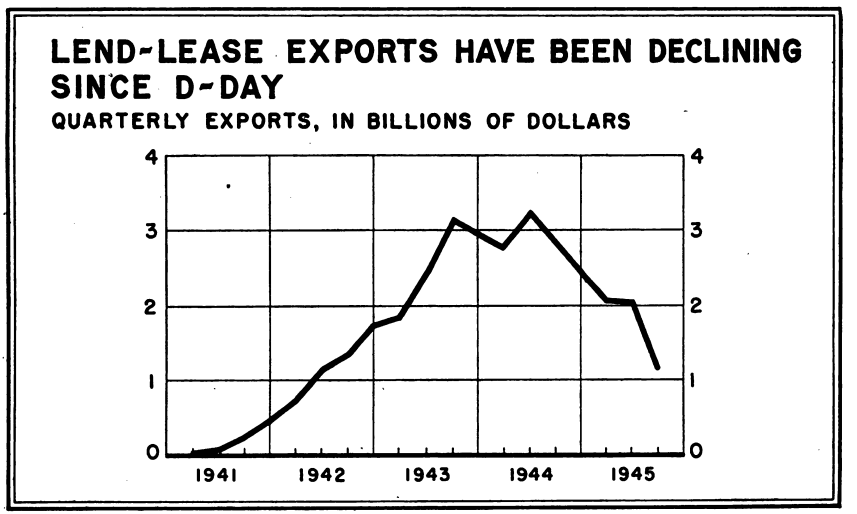


Chart 3

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Articles transferred under lend-lease and exported from this country from March 11, 1941, to October 1, 1945, totaled $32.5 billion. This total valuation is based upon the values stated by the shippers in the export declarations for all shipments, but it does not represent the value of all the lend-lease aid reflected in the lend-lease accounts of the foreign governments. The statistics on lend-lease exports are based upon compilations of the Bureau of the Census of the United States Department of Commerce, which compiles all statistics on exports from the United States.

Statistics on lend-lease exports, which are classified by country of destination, are used in later sections of this report to indicate the flow of lend-lease goods to the various war theaters. Figures on lend-lease transfers cannot be used for this purpose since they are classified only by the country that requisitions the goods. All goods furnished to the British Empire, for instance, are requisitioned by the United Kingdom and are reported as transferred to it, although the goods have been shipped to British armed forces and officials in more than 50 countries and island areas throughout the world. Export statistics are very useful in showing generally where lend-lease goods have gone, but they should not be confused with statistics on lend-lease transfers.

Where Lend-Lease Goods Have Gone

During the period of active warfare lend-lease munitions and other war supplies flowed in a constant stream to the world's war fronts. In no other period of history was war being waged on so many battle-fronts at one time. On many of those fronts American soldiers, sailors, and marines were fighting alongside allied armed forces whose striking power had been greatly increased through lend-lease. In other areas, such as on the long Russian front which extended from the Baltic Sea to the Black Sea, forces of our allies that were fighting alone but with the help of lend-lease arms and supplies were heroically pushing back the Axis armies.

Lend-lease goods were sent in largest quantity to those areas where the need was greatest and where the Axis threat was most serious. To aid in the Battle of Britain and to help strengthen the British troops, we sent to the United Kingdom lend-lease goods valued at $13.8 billion. This was equivalent to 43 percent of lend-lease exports to all countries.

The U. S. S. R. ranked second to the United Kingdom as a recipient of lend-lease goods. The planes, tanks, trucks, food, and other lend-lease supplies which played such an important part in the great victories of the Soviet Armies were valued at $9.5 billion, or 29 percent of the value of all lend-lease exports.

Lend-lease was of indispensable help in the expulsion of the Nazis from Northern Africa and in the conquest of Italy. As an aid in those campaigns we sent to our allies in Africa, the Mediterranean area and the Middle East lend-lease goods of all types amounting to $3.4 billion, or 10.4 percent of exports to all areas.

We shipped to our allies in the Pacific and Far Eastern areas who were fighting with us in the war against Japan lend-lease goods valued at $3.8 billion, which was equivalent to 11.7 percent of total exports.

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This does not include the value of goods shipped to the U.S.S.R. and which were used by the Soviet forces in the final thrust against the Japanese.

As a part of the military plan for the defense of the Western Hemisphere, limited quantities of military supplies were sent under lend-lease to the Latin American countries. The total value of such shipments was $247 million, or 0.8 percent of total exports.

LEND-LEASE EXPORTS TO ALL COUNTRIES

Thousands of Dollars

Country	Jan.–June 1945	July–Sept. 1945	Cumulative to Oct. 1, 1945
United Kingdom	1, 507, 140	339, 077	13, 842, 043
U. S. S. R.	1, 392, 427	314, 936	9, 477, 666
Africa, and Middle East	204, 640	58, 836	3, 392, 725
China and India	401, 567	118, 629	2, 352, 707
Australia and New Zealand	201, 707	80, 166	1, 458, 920
Latin America	26, 711	6, 041	246, 837
Other Countries	335, 581	192, 951	1, 744, 442
Total	4, 069, 773	1, 110, 636	32, 515, 340

Table 4

Lend-lease shipments to other scattered areas amounted to $1.7 billion, with the larger part going to Canada and France. Lend-lease goods shipped to Canada fell into three groups: aircraft for use by United Nations pilots training in Canada; goods for United Kingdom account, which were fabricated into other articles and transshipped to British forces; and equipment for the Canadian Army obtained in this country through the lend-lease procedure but for which Canada paid in full. By agreement no lend-lease aid has been furnished to the Canadian Government at financial cost to this country.

Reverse Lend-Lease Aid

Lend-lease became a two-way street early in the war, with our allies furnishing to us such supplies and services as we needed and which they could spare. Just as we strengthened our allies through lend-lease, they contributed to our strength through reverse lend-lease. A means of pooling the resources of the United Nations in the common war against the enemy, to bring victory as quickly as possible and with the least loss of life, was provided by lend-lease. The agreements which we signed with our principal allies pledged the available resources of each to the other.

Through the operation of this two-way principle the United States had received, under reverse lend-lease, supplies, facilities and services valued at $6.3 billion by July 1, 1945, the latest date for which information is available. Of the total amount, petroleum, food, and other

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supplies and equipment furnished to our troops overseas accounted for 56 percent; shipping, transportation, and other services for 22 percent; capital installations, including airfields, barracks, and hospitals, for 18 percent; and raw materials and food shipped to the United States accounted for the remaining 4 percent.

REVERSE LEND-LEASE AID RECEIVED BY THE UNITED STATES, BY CATEGORY AND COUNTRY

Cumulative to July 1, 1945

Category	Amount
Capital installations	$1, 145, 532, 000
Foodstuffs	477, 816, 000
Clothing	71, 019, 000
Petroleum and coal products	1, 475, 380, 000
Air Force supplies and equipment	482, 996, 000
Other military supplies and equipment	995, 009, 000
Shipping and other transportation	1, 139, 625, 000
Other services	225, 932, 000
Raw materials and food shipped to United States	243, 562, 000
Total	6, 256, 871, 000

Country	Amount
United Kingdom	$4, 220, 299, 000
Fiji Islands	10, 277, 000
Nigeria	2, 877, 600
Gold Coast	6, 924, 000
Other Colonies	762, 000
Total from United Kingdom	4, 241, 139, 000
Australia	835, 004, 000
New Zealand	204, 566, 000
India	639, 443, 000
Union of South Africa	885, 000
Total British Empire	5, 921, 037, 000
France*	200, 615, 000
French Africa	70, 358, 000
France—New Caledonia	1, 171, 000
Belgium	55, 647, 000
Belgian Congo	182, 000
Netherlands	1, 133, 000
Netherlands—Curacao and Surinam	917, 000
China	3, 672, 000
U. S. S. R.	2, 139, 000
Total	6, 256, 871, 000

*To Feb. 1, 1945.

Table 5

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More American forces were stationed in the United Kingdom than in any other allied territory, and consequently the major part of reverse lend-lease aid was supplied to our troops there. Aid received from the United Kingdom amounted to about two-thirds of total reverse lend-lease aid. One-fourth of the total was supplied by Australia, New Zealand, India, and the British forces in India. France, Belgium, the Netherlands, China, and the U. S. S. R. supported the American war effort to the best of their abilities and limited resources. Information on reverse lend-lease aid, by category and by country, is given in Table 5. More detailed statistics will be found in Tables 7, 15, 17, and 19.

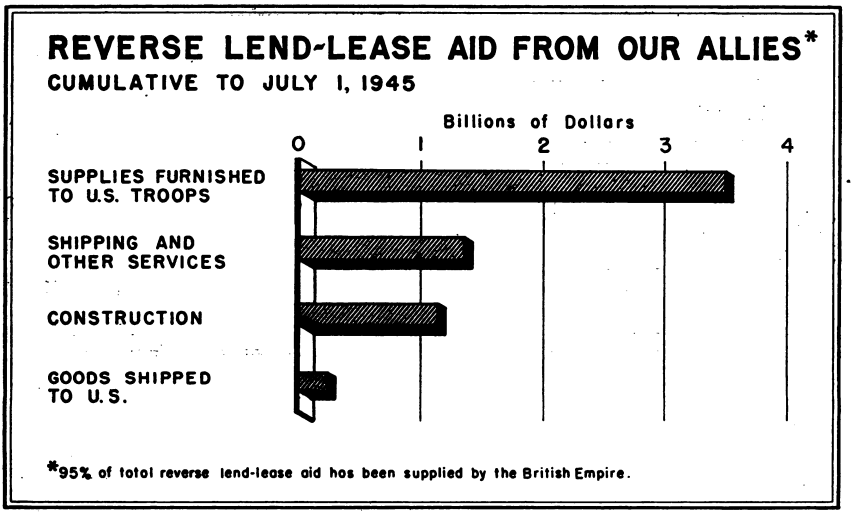


Chart 4

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Chapter 3

LEND-LEASE IN THE WAR AGAINST GERMANY

Lend-lease shipments to the various European war theaters amounted to $27.7 billion. This included shipments to the United Kingdom, the Soviet Union, Africa, the Middle East, the Mediterranean area and continental Europe.

A considerable volume of the goods shipped to these areas was eventually used in the war against Japan. Some of the munitions sent to the United Kingdom, for instance, were later transshipped to the British forces in the Far East, and some of the materials sent to Britain were used in fabricating munitions for later use against the Japanese. Lend-lease weapons sent to the Soviet Union were employed by the Red Army in the final campaign against Japan.

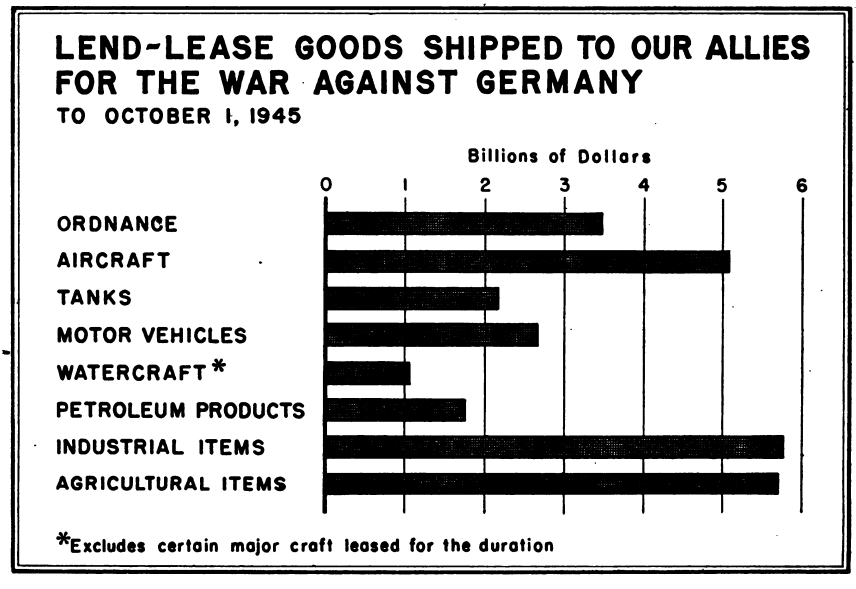


Chart 5

The United Kingdom

To win the war against Germany the allies had to defeat the Nazi armies in the West and conquer the Reich. In preparation for the direct assault upon Europe, a tremendous volume of lend-lease goods was sent from the United States to the United Kingdom.

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Lend-lease shipments from March 11, 1941, through September 1945 amounted to $13.8 billion. After VJ-day, September 2, the cost of supplies received by the United Kingdom under lend-lease is generally to be reimbursed to the United States. The United Kingdom received 43 percent of the total of lend-lease shipments to all countries. Munitions accounted for $6.9 billion or one-half of total shipments to the United Kingdom. In the 6 months of intensive preparation prior to D-day, the United States shipped $2.8 billion worth of supplies to Britain, and in the month of May 1944 shipments reached an all-time high of $594 million.

During the lend-lease program 10,670 planes were sent to the United Kingdom. In addition to planes, the United States sent under lend-lease $1.3 billion worth of aircraft engines and parts.

Ordnance and ammunition exports made up the second largest category of munitions shipped to the British Isles. These shipments amounted to nearly 2 billion dollars for the period of lend-lease aid. In the last 2 years alone the United States delivered 76,737 jeeps, 98,207 trucks, 12,431 tanks, and 1,031 pieces of heavy artillery for British armed forces.

For Britain's own war production, we shipped 6,715,000 tons of iron and steel, 527,000 tons of nonferrous metals, and large quantities of other raw materials, machine tools, and component parts. These metals, tools, and parts helped the British to fabricate in their own plants the guns, shells, planes, tanks, ships, and other war goods that were required by the British troops in their widespread operations. Industrial materials and equipment shipped under lend-lease were valued at about 2 billion dollars and represented 14.2 percent of total shipments to the United Kingdom.

Under the lend-lease program, shipments of foodstuffs to the United Kingdom to supplement rations of the British armed forces and war

LEND-LEASE EXPORTS TO THE UNITED KINGDOM

Thousands of Dollars

Category	Jan.–June 1945	July–Sept. 1945	Cumulative to Oct. 1, 1945
Ordnance and ammunition	192, 947	13, 827	1, 953, 309
Aircraft and parts	385, 159	93, 868	2, 499, 726
Tanks and parts	56, 183	1, 417	1, 048, 080
Motor vehicles and parts	98, 464	9, 941	713, 961
Watercraft	9, 011	913	694, 344
All munitions	741, 764	119, 966	6, 909, 420
Petroleum products	358, 739	51, 392	1, 530, 307
Industrial materials and products	132, 087	46, 443	1, 971, 846
Agricultural products	274, 550	121, 276	3, 430, 470
Total	1, 507, 140	339, 077	13, 842, 043

Table 6

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workers constituted approximately 10 percent of Britain's food supply. In the 4½ years of lend-lease aid, the United States exported $3.4 billion worth of foodstuffs and other agricultural products to the United Kingdom, which accounted for 25 percent of total shipments to Britain. From March 11, 1941, to VJ-day 14 billion pounds of food were shipped to the British Isles.

To help the British increase their food production we sent them about $33 million worth of farm machinery and 1,031,000 tons of fertilizer.

After VE-day lend-lease shipments to the United Kingdom declined substantially, although lend-lease goods essential to the full participation of British resources and armed forces in the war against the Japanese continued to be shipped. Lend-lease exports fell from a May total of $251 million to $167 million in June, $170 million in July and $122 million in August.

Reverse lend-lease aid from the United Kingdom from the beginning of the program up to July 1, 1945 amounted to $4 billion. The program began in January 1942 when American troops first landed in the British Isles and grew to the point where the United States was receiving the equivalent of one shipload of equipment and food from the British for every two shiploads from the United States.

In the early phases of the war military construction was by far the largest item of reverse lend-lease and at one time one third of the total building labor force in Britain was employed on United States Army projects. The total dollar value of capital installations undertaken by the British for American armed forces amounted to $847 million.

In preparation for the invasion of Europe, the British provided to United States forces under reverse lend-lease, 20 million square feet of storage and shop space and 44 million square feet of open storage.

REVERSE LEND-LEASE AID FROM THE UNITED KINGDOM

Thousands of Dollars

Category	Cumulative to July 1, 1945
Capital installations	847, 024
Foodstuffs	82, 962
Clothing	54, 959
Petroleum and coal products	1, 103, 412
Air Force supplies and equipment	391, 034
Other military supplies and equipment	646, 907
Shipping and other transportation	778, 177
Other services	95, 648
Raw materials and food shipped to United States	241, 016
Total	4, 241, 139

(Conversion from pound sterling at $4.03.)

Table 7

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Space for 50,000 military vehicles had to be cleared and 270 miles of new railroad construction were required. The United States Army Air Force needed 163 air fields and accommodations for 450,000 men, and at the peak 88,117 acres were used by American airmen and crews. Barracks, hospitals, and recreation centers had to be built.

In addition to military supplies and equipment valued at $647 million, the United Kingdom provided under reverse lend-lease substantial quantities of petroleum products and coal.

The United Kingdom furnished 652 million pounds of foodstuffs to United States forces, which aided materially in providing our troops with supplements of fresh vegetables, dairy products, and fresh fruits to their canned Army rations.

Besides aid made available in the United Kingdom, the British shipped $241 million worth of raw materials and foodstuffs to the United States. Bulk foodstuffs such as sugar, cocoa, and tea amounted to more than 1 billion pounds.

The Soviet Union

On June 22, 1941, a little more than 3 months after the Lend-Lease Act became law, the German Army attacked the Soviet Union. Lend-lease aid began on November 7, 1941, and accelerated at such a rapid rate that in the second year of lend-lease operations shipments to the U. S. S. R. amounted to 29 percent of total shipments to all countries. In that period we sent more combat planes, tanks, and other motor vehicles to the U. S. S. R. than to any other theater.

Soon after Pearl Harbor American equipment was being used in great quantities to expand and modernize the Persian Gulf entry into the Soviet Union as an alternate and additional supply route to the hazardous Murmansk route. By the end of 1942 the capacity of the

LEND-LEASE EXPORTS TO THE SOVIET UNION

Thousands of Dollars

Category	Jan.–June 1945	July–Sept. 1945	Cumulative to Oct. 1, 1945
Ordnance and ammunition	35, 152	3, 868	814, 493
Aircraft and parts	183, 391	50, 329	1, 652, 236
Tanks and parts	54, 637	9	478, 398
Motor vehicles and parts	265, 749	86, 961	1, 410, 616
Watercraft	40, 816	12, 257	295, 839
All munitions	579, 745	153, 424	4, 651, 582
Petroleum products	31, 242	8, 191	111, 075
Industrial materials and products	509, 294	95, 005	3, 040, 423
Agricultural products	272, 146	58, 316	1, 674, 586
Total	1, 392, 427	314, 936	9, 477, 666

Table 8

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Persian Gulf-Iran route was three times what it was at the year's beginning.

Total lend-lease shipments to the Soviet Union amounted to $9.5 billion, or 29 percent of shipments to all countries. The volume of shipments totaled 17,500,000 long tons which represented 2,660 shiploads. Aircraft, tanks, military motor vehicles, and other munitions constituted 49 percent of the value of all exports to the U. S. S. R. and were valued at more than $4½ billion. These munitions included more than 14,700 planes, 7,000 tanks, 52,000 jeeps, 375,000 trucks, and 35,000 motorcycles and contributed immensely to the mobility and supply of the Red Army. A United States Army officer who visited the Soviet front stated that in certain areas United States trucks made up as much as 30 percent of the transportation equipment of the Soviet forces. This same officer estimated that lend-lease trucks represented between 10 and 15 percent of the total trucks used on the entire Soviet front. American locomotives, freight cars, and other rolling stock further increased the mobility of the Soviets on the longest of the war fronts. Communication equipment including 415,000 field telephones and enough telephone wire to go around the earth 50 times enabled the Soviets to maintain their communication lines as they crushed the Nazi Army and drove westward from Stalingrad, Moscow, and Leningrad.

Approximately one-third of lend-lease exports to the U. S. S. R. were industrial materials and products for the expansion and relocation of Soviet industry. Hundreds of thousands of tons of armor plate, steel, aluminum, copper, zinc, TNT, chemicals, and other raw materials for Soviet war production of weapons and fighting equipment were shipped from the United States. To fabricate the raw materials into planes, guns, tanks, and other munitions, the United States furnished under lend-lease a half billion dollars worth of machine tools and electrical furnaces and generators. Entire factories, including a tire plant, aluminum rolling mill, and pipe fabricating mills were exported to assist the Soviet people in expanding their war production.

PARTIAL LIST OF GOODS SHIPPED TO THE SOVIET UNION UNDER LEND-LEASE

Planes	14, 795	Marine engines	7, 784
Tanks	7, 056	Foodstuffs (short tons)	4, 478, 000
Jeeps	51, 503	Machinery and equipment	$1,078,965,000
Trucks	375, 883	Steel (short tons)	2, 800, 000
Motorcycles	35, 170	Non-ferrous metals (short tons)	802, 000
Tractors	8, 071	Petroleum products (short tons)	2, 670, 000
Anti-aircraft guns	8, 218	Chemicals (short tons)	842, 000
Submachine guns	131, 633	Cotton cloth (yards)	106, 893, 000
Explosives (short tons)	345, 735	Wool cloth (yards)	62, 485, 000
Construction machinery	$10, 910, 000	Leather (short tons)	49, 860
Locomotives	1, 981	Tires	3, 786, 000
Freight cars	11, 155	Army boots (pairs)	15, 417, 000
Cargo vessels (transferred)	90	Buttons	$1, 647, 000
Submarine chasers	105		
Torpedo boats	197		

Table 9

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Lend-lease shipments to the U. S. S. R. for the war in Europe ended on VE-day. Aid to the Soviet Far East continued and on August 8, 1945, the Soviet Union declared war on Japan. Following the defeat of Germany lend-lease exports to the U. S. S. R. declined from $340 million in May 1945 to $130 million in June. In July $150 million worth of lend-lease goods left west coast ports for Siberia.

Africa, the Middle East and the Mediterranean Area

For the defeat of the Axis in North Africa and for the invasion of Sicily and Italy, the United States shipped $3.4 billion worth of lend-lease goods to Africa, the Middle East, and the Mediterranean. Munitions made up the largest part of all shipments, accounting for about three-fourths of the total. Lend-lease military shipments to this area included essential military equipment for the British and French forces.

Next to the British, the French were the largest recipients of lend-lease aid in Africa and the Mediterranean Theater. Lend-lease weapons equipped many divisions of the French Army which was recruited in French North and West Africa. Under Generals Giraud and LeClerc, these reconstituted French armies fought valiantly in the drives which ultimately destroyed the Nazis. The French Air Corps, equipped almost entirely with lend-lease planes, was a part of the allied air force that battered Rommel's retreating Afrika Korps and softened Sicily and Italy for the allied landings. Additional French air units were trained and equipped under lend-lease and fought in the Tunisian campaigns and later in Europe. French warships were repaired and made seaworthy in American shipyards and later joined the allied Mediterranean fleet that participated in the invasions of Sicily, Italy, and Europe.

LEND-LEASE EXPORTS TO AFRICA AND THE MIDDLE EAST

Thousands of Dollars

Category	Jan.–June 1945	July–Sept. 1945	Cumulative to Oct. 1, 1945
Ordnance and ammunition	6, 321	458	593, 635
Aircraft and parts	83, 626	9, 826	912, 636
Tanks and parts	5, 236	359	466, 124
Motor vehicles and parts	13, 363	5, 244	401, 458
Watercraft	1, 619	383	41, 125
All munitions	110, 165	16, 270	2, 414, 978
Petroleum products	10, 984	3, 744	94, 426
Industrial materials and products	52, 279	21, 961	644, 797
Agricultural products	31, 212	16, 861	238, 524
Total	204, 640	58, 836	3, 392, 725

Table 10

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In North Africa lend-lease played a dual role. The lend-lease war goods that were furnished to strengthen the British Army and rebuild the French forces contributed mightily to the collapse of German power in Tunisia. In addition, lend-lease shipments of industrial equipment, farm machinery, foodstuffs, medical supplies, and other essential civilian goods assisted the allied military forces in maintaining order behind the lines, in restoring the civilian economy and thereby relieving the drain upon American and British supplies, and in providing essential goods for the invasion through Sicily and Italy.

The French have paid the United States $222 million for the civilian supplies shipped to North Africa. Substantial amounts of foodstuffs were also supplied by the French to American forces in North Africa as reverse lend-lease aid.

With the fall of Tunisia in May 1943, the entire southern shore of the Mediterranean passed into allied hands and plans were completed to invade Sicily. On July 10, 1943, the amphibious assault on Sicily began and 38 days later it was completely liberated and Anglo-American forces were at the Strait of Messina, poised for the drive through Italy.

The American Fifth Army and the British Eighth Army invaded the Italian mainland on September 5, 1943. Five days later General Eisenhower announced the surrender of Italy.

Continental Europe

The United States sent lend-lease goods valued at $244 million to France, $17 million to the Netherlands, and $64 million to Belgium as of October 1, 1945.

The 12 French divisions and the French air force that participated in the offensives across the plains of Normandy, up the Rhone Valley and eastward to Berlin were almost entirely equipped under lend-lease. The French forces received munitions valued at $51 million. Further, $53 million worth of lend-lease industrial equipment and materials were shipped to help start French industry so that it could provide needed war materials to the allied armies under General Eisenhower for their combined onslaught against the Nazis. Shipments of foodstuffs and other agricultural products to France were valued at $139 million.

Of the $64 million worth of lend-lease exports furnished to Belgium, 75 percent of the total consisted of agricultural products. Fifty-eight percent of the $17 million of goods provided to the Netherlands consisted of foodstuffs and other agricultural products, chiefly stock feed.

Since VE-day all lend-lease shipments to France, Belgium, and the Netherlands are paid for by the respective Governments under long-term credit agreements. Prior to VE-day, lend-lease goods having a postwar residual value were supplied under the credit agreements.

Reverse lend-lease aid from France to February 1, 1945, amounted to $200 million. Billeting and transporting American troops and French labor employed by the United States Army but paid for by France accounted for most of the reverse aid. Reverse lend-lease aid from Belgium to July 1, 1945 was $56 million; from the Netherlands it was more than one million dollars.

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Latin America

A limited amount of lend-lease aid was provided to the republics of Latin America under the unified military program for hemispheric defense. All of the goods provided under the program were military in nature or had a military end use, and a large portion of their cost was paid in cash by the recipient governments. Total lend-lease exports to these countries to October 1, 1945, amounted to $247 million, which was less than 1 percent of total shipments to all countries. Nearly half of the value of goods shipped to Latin America was accounted for by aircraft which were particularly needed for patrolling the sea lanes to Africa and Europe.

Brazil, which received two-thirds of all shipments to Latin American republics, sent an air force and also infantry troops to the Italian theater. Brazil also assumed responsibility for a large part of the antisubmarine patrol work in the South Atlantic, as Mexico and other Central American republics did in the Caribbean.

Lend-lease exports to Latin America, as in the case of lend-lease exports to other countries, do not show the amount of aid furnished and should not be confused with the amount charged to the various countries.

LEND-LEASE EXPORTS TO LATIN AMERICA

Thousands of Dollars

Category	Jan.–June 1945	July–Sept. 1945	Cumulative to Oct. 1, 1945
Ordnance and ammunition	2, 179	772	33, 158
Aircraft and parts	13, 096	3, 043	112, 731
Tanks and parts	2, 777	172	33, 459
Motor vehicles and parts	1, 146	294	22, 558
Watercraft	226	53	1, 751
All munitions	19, 424	4, 334	203, 657
Petroleum products	42		244
Industrial materials and products	7, 222	1, 704	42, 824
Agricultural products	23	3	112
Total	26, 711	6, 041	246, 837

Table 11

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Chapter 4

LEND-LEASE IN THE WAR AGAINST JAPAN

Lend-lease goods have been distributed to the various war areas in accordance with the war strategy that was determined at the Washington conference in December 1941 between the President, the British Prime Minister and the Chiefs of Staff. It was decided at that conference that our resources would be concentrated first to defeat Germany and then Japan. In line with that policy, shipments of lend-lease supplies for the war against Japan were subordinated to the requirements for the war against Germany.

It was possible, however, to send a steady flow of vitally needed war supplies to our allies in the Pacific and Far Eastern areas. That flow began in May 1941. Exports between then and Pearl Harbor amounted to $40 million. By the time of the capitulation of Japan total shipments of lend-lease munitions and other war supplies which helped to bring about that capitulation amounted to $3.8 billion. In addition, we had sent supplies valued at $167 million to United States commanding generals for transfer to our allies under lend-lease.

LEND-LEASE EXPORTS TO CHINA, INDIA, AUSTRALIA, AND NEW ZEALAND

Thousands of Dollars

Category	Jan.–June 1945	July–Sept. 1945	Cumulative to Oct. 1, 1945
Ordnance and ammunition	29, 648	14, 549	431, 671
Aircraft and parts	191, 894	61, 434	1, 093, 414
Tanks and parts	5, 409	4, 375	185, 614
Motor vehicles and parts	105, 544	30, 608	579, 726
Watercraft	29, 358	5, 769	84, 430
All munitions	361, 853	116, 735	2, 374, 855
Petroleum products	85, 679	14, 052	316, 387
Industrial materials and products	117, 311	42, 300	886, 352
Agricultural products	38, 431	25, 708	234, 033
Total	603, 274	198, 795	3, 811, 627

Table 12

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The 8,800 lend-lease planes which we sent to the Asiatic and Pacific theaters greatly strengthened the allied air forces operating in those areas. Included in the total were 850 four-engine bombers, 1,450 two-engine and one-engine bombers, and 3,800 pursuit planes. To help in flying needed supplies from base to base and into China, we sent 1,360 transports. Trainer planes accounted for the remainder.

More than 3,200 tanks were shipped under lend-lease, with most of them going to India to help the British and Indian troops push back the Japanese invasion forces.

One of the greatest needs of the allied forces fighting the Japanese was for transportation equipment. This was particularly true in China, where there was an almost complete break-down of the transportation systems. To help fill that need we sent 210,000 lend-lease motor vehicles to our allies that were engaged in the war against Japan.

In addition to the priority on shipments to the European theater which existed until VE-day, there was another major difficulty in sending adequate supplies to our allies who were engaged in the war against Japan. That was the difficulty of getting the goods to the areas where needed. General Marshall has pointed out that the supply lines to the Asiatic operations were the most precarious in history. They were across the broadest water distances in the world. The sea route from San Francisco to Sydney, Australia, is more than twice as long as the route from New York to Liverpool. The route to India is three times as long as the route to northern Russia. After the supplies were shipped over the long and hazardous ocean route there were still further transportation difficulties to be overcome before delivery could be made at some of the points where the goods were most needed.

China

By the middle of 1942 the Japanese had extended their area of conquest halfway across the Pacific, southward almost to Australia, and westward to the India-Burma front. At the beginning of the Pacific war, China was shut off from the sea and the only land route into China was cut off by Japan's invasion of Burma. At the time when China's need was greatest the only supply line was the 500-mile air line over the Himalayan Hump. In the gigantic and far-flung task of pushing back the Japanese and opening up communication and transportation lines in Asia, lend-lease played an important part.

Lend-lease exports to China from the beginning of the program to October 1, 1945, amounted to nearly $224 million. Shipments in the first half of this year amounted to $32 million and in the third quarter to about $16 million.

Total lend-lease aid extended to China was substantially in excess of the value of exports. We consigned to United States commanding generals, for subsequent transfer to China under lend-lease, goods amounting to $167 million, which were not included in export statistics. We also furnished other types of aid to China, such as trainer planes and equipment used in training Chinese pilots in the United States. Figures on the total amount of aid, reported to October 1, 1945, are given in Table 13. Transfers of goods in the field by United States forces to the Chinese Army are included in lend-lease aid; not all such

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transfers have been reported to date. As stated in Chapter 1, lend-lease transfers of military supplies to the Chinese Army were continued after VJ-day under the directives of the Joint Chiefs of Staff. Final figures on lend-lease aid to China, therefore, will reflect aid furnished subsequent to the date of this report as well as aid previously furnished and not yet reported.

LEND-LEASE AID TO CHINA

March 1941 to October 1, 1945

Category	Amount
Ordnance and ammunition	$164, 805, 000
Aircraft and parts	112, 970, 000
Tanks and parts	11, 070, 000
Motor vehicles and parts	89, 493, 000
Machinery and metals	34, 644, 000
Petroleum products	7, 087, 000
Other supplies	193, 948, 000
Shipping and other expenses	17, 492, 000
Total aid	631, 509, 000

Table 13

The Chinese forces were in greatest need of munitions and transportation equipment and these categories made up most of the goods supplied. We also provided limited but vital quantities of precision tools, machine parts and scarce metals to help the Chinese increase their own munitions output. We rendered further assistance under lend-lease by training Chinese technicians in this country who then returned to supervisory and technical positions in China. We sent more than a thousand American technicians to the Far East to train thousands of Chinese in the work of repairing and operating transportation equipment.

In the war against Japan, China furnished supplies and services to United States forces to the extent of her limited resources. The work of many thousands of Chinese in helping to build airfields for the United States Army Air Forces and in constructing the Ledo Road and other projects was of immense help. These airfields proved of great strategic importance in the bombing of Japan by the USAAF. China's great contribution to the united war effort was of course her determined 7-year stand against the Japanese. That heroic struggle of hundreds of millions of people resisting aggression made insignificant any material contribution measured in dollars.

India

A great supply base was established in India for the allied armies operating under the Southeast Asia Command. India was also important during the war as a base for munitions and other war

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LEND-LEASE EXPORTS TO INDIA *

Thousands of Dollars

Category	Jan.–June 1945	July–Sept. 1945	Cumulative to Oct. 1, 1945
Ordnance and ammunition	17, 652	10, 036	258, 681
Aircraft and parts	86, 305	15, 785	524, 424
Tanks and parts	5, 409	4, 371	130, 317
Motor vehicles and parts	55, 625	13, 292	309, 445
Watercraft	23, 624	4, 212	65, 631
All munitions	188, 615	47, 696	1, 288, 498
Petroleum products	72, 190	10, 810	161, 721
Industrial materials and products	77, 779	23, 767	494, 673
Agricultural products	30, 854	20, 529	183, 911
Total	369, 438	102, 802	2, 128, 803

*Includes Ceylon, Burma, and British Malaya.

Table 14

supplies moving into China. We aided these operations by sending to India from March 1941 through September 1945 lend-lease goods valued at more than $2 billion.

Munitions for the British and Indian troops accounted for somewhat more than half of the total, with aircraft making up about one-fourth of total shipments.

Industrial and transportation equipment and materials ranked second to munitions, in importance to the war effort as well as in dollar value. Rapid progress was made during the war in developing India as an arsenal for allied troops. Labor and many raw materials were available but machinery and tools were needed. These were supplied in part by lend-lease.

The transportation system and particularly the dock facilities of India originally were not adequate to support the operations being carried on by allied troops. We sent large quantities of materials to India under lend-lease to improve the limited facilities. In 1944 alone we shipped 33,000 tons of railroad rails and accessories, 317 steam locomotives, $475,000 worth of locomotive parts and accessories, 110 bulldozers, 451 cranes, 145 concrete mixers, 228 road rollers, 150 graders and a large volume of other equipment for improving railroads, roads and docks. With the help of native Indian labor and lend-lease materials, the port battalions of Calcutta established records exceeding those of every other military port in the world for quick unloading and turnaround of American ships. Much of the capital equipment was paid for in cash.

Foodstuffs and other agricultural products which we sent to India under lend-lease totaled $184 million. These consisted largely of provisions for the British troops stationed there. As an indication of the quantities of food which we supplied, we shipped during the

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REVERSE LEND-LEASE AID IN INDIA*

Thousands of Dollars

Category	Cumulative to July 1, 1945
Capital installations	131, 372
Foodstuffs	41, 718
Clothing	7, 275
Petroleum and coal products	318, 866
Air Force supplies and equipment	19, 020
Other military supplies and equipment	55, 838
Shipping and other transportation	40, 612
Other services	24, 742
Total	639, 443

*Provided both by the United Kingdom and the Government of India. Based on estimates by the U. S. Army.

(Conversion from Indian rupee: 330.44=$100.)

Table 15

year 1944 more than 58 million pounds of meat, 197 million pounds of evaporated milk and cream, 20 million pounds of canned salmon, 44 million pounds of canned peas, 16 million pounds of canned peaches, 2.6 million pounds of canned pineapple, 10.5 million pounds of dehydrated vegetables and large quantities of various other foods.

The Indian Government and the British forces stationed in India supplied to our troops needed supplies, services and construction having a total value of $639 million as of July 1, 1945. Petroleum products and coal made up half of the total, with capital installations second in importance. This reverse lend-lease aid resulted in a very substantial saving in shipping space.

Australia

To aid the Australians in their part in the war against Japan, we sent them lend-lease goods valued at a billion and a quarter dollars from the beginning of the program to October 1, 1945. Exports amounted to $190 million in the first half of 1945 and to $73 million in the third quarter of 1945.

Planes, tanks, and ordnance accounted for about 45 percent of total lend-lease exports, motor vehicles for 15 percent and petroleum products for more than 10 percent. Industrial materials, which made up about one-fourth of the total, included machine tools, metals, food processing and canning equipment, farm machinery, synthetic rubber, paper and other supplies needed by the Australian war economy to enable it to make the utmost contribution to the war effort.

Reverse lend-lease aid supplied by Australia to the United States through June was valued at $835 million. Approximately 18 percent of the Australian war budget was devoted to reverse lend-lease to the United States, with the total amount representing approximately $120 per capita of the Australian population.

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The total amount of reverse lend-lease aid consisted of supplies and equipment furnished to our troops amounting to $454 million, construction amounting to $131 million and shipping and other services amounting to $249 million. The figures on lend-lease exports to Australia reflect only the value in this country of the goods shipped and do not include the cost of shipping or other services rendered to Australia. Statistics on lend-lease exports and reverse lend-lease aid are therefore not comparable.

One of the most important items supplied our troops by Australia was the tremendous total of 2½ billion pounds of food. By receiving such a quantity of foodstuffs locally, there was a smaller drain on

LEND-LEASE EXPORTS TO AUSTRALIA*

Thousands of Dollars

Category	Jan.–June 1945	July–Sept. 1945	Cumulative to Oct. 1, 1945
Ordnance and ammunition	11, 643	4, 485	116, 696
Aircraft and parts	98, 462	39, 027	402, 970
Tanks and parts	----------	4	41, 188
Motor vehicles and parts	20, 817	8, 569	187, 903
Watercraft	5, 734	1, 557	16, 354
All munitions	136, 656	53, 642	765, 111
Petroleum products	11, 188	2, 684	136, 721
Industrial materials and products	35, 095	11, 790	296, 801
Agricultural products	6, 824	4, 562	43, 362
Total	189, 763	72, 678	1, 241, 995

*Includes British Oceania and New Guinea.

Table 16

REVERSE LEND-LEASE AID FROM AUSTRALIA

Thousands of Dollars

Category	Cumulative to July 1, 1945
Capital installations	131, 327
Foodstuffs	224, 495
Air Force supplies and equipment	67, 400
Other military supplies and equipment	162, 600
Shipping and other transportation	229, 181
Other services	20, 001
Total	835, 004

(Conversion from Australian pound at $3.23.)

Table 17

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United States food supplies, shipping space was made available for other goods which were vitally needed, and our troops were able to have fresh fruits, vegetables, and dairy products.

New Zealand

Total lend-lease exports to New Zealand to October 1, 1945 amounted to $217 million. In addition, there were substantial amounts of lend-lease aid in the form of shipping and other services which, although received by New Zealand, are not included in lend-

LEND-LEASE EXPORTS TO NEW ZEALAND

Thousands of Dollars

Category	Jan.–June 1945	July–Sept. 1945	Cumulative to Oct. 1, 1945
Ordnance and ammunition	341	13	33, 323
Aircraft and parts	2, 802	3, 263	52, 164
Tanks and parts			14, 109
Motor vehicles and parts	2, 431	1, 205	27, 260
Watercraft			2, 445
All munitions	5, 574	4, 481	129, 301
Petroleum products	2, 144	558	16, 158
Industrial materials and products	3, 473	1, 834	64, 805
Agricultural products	753	615	6, 661
Total	11, 944	7, 488	216, 925

Table 18

REVERSE LEND-LEASE AID FROM NEW ZEALAND

Thousands of Dollars

Category	Cumulative to July 1, 1945
Capital installations	26, 550
Foodstuffs	112, 224
Clothing	8, 417
Petroleum and coal products	3, 367
Air Force supplies and equipment	678
Other military supplies and equipment	25, 359
Shipping and other transportation	12, 017
Other services	15, 954
Total	204, 566

(Conversion from New Zealand pound at $3.25.)

Table 19

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lease exports. As the scene of battle moved closer to Japan, lend-lease shipments to New Zealand fell off. Exports in the third quarter of 1945 amounted to $7½ million, compared with a peak of $29 million in the second quarter of 1943.

Munitions made up about 60 percent of exports in the entire lend-lease period and a somewhat smaller proportion this year. Shipments of other types of goods, including petroleum products and industrial materials and products, did not decline at as rapid a rate this year as did munitions shipments.

Reverse lend-lease aid from New Zealand to July 1, 1945 totaled $205 million, with foodstuffs furnished to our troops amounting to half of the total. Clothing and other supplies and equipment amounted to about one-fourth of the total, with construction, shipping, and other services accounting for the other fourth.

The cost of reverse lend-lease aid from New Zealand was equivalent to $154 for each person in that country.

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Chapter 5

STATISTICAL TABLES

LEND-LEASE AID, BY CATEGORY

March 1941 to October 1, 1945

Category	Amount
Goods transferred to foreign governments:	
Munitions:	
Ordnance	$1, 422, 188, 000
Ammunition	2, 802, 123, 000
Aircraft	5, 277, 937, 000
Aircraft engines and parts	2, 755, 221, 000
Tanks and parts	3, 740, 348, 000
Motor vehicles and parts	2, 326, 834, 000
Watercraft	3, 777, 070, 000
Total	22, 101, 721, 000
Petroleum products	2, 316, 985, 000
Industrial materials and products:	
Machinery	2, 520, 657, 000
Metals	2, 350, 192, 000
Miscellaneous materials and manufactures	4, 818, 198, 000
Total	9, 689, 047, 000
Agricultural products:	
Foods	5, 228, 252, 000
Other agricultural products	860, 672, 000
Total	6, 088, 924, 000
Total transfers	40, 196, 677, 000
Services rendered:	
Rental of ships, etc	2, 724, 662, 000
Servicing, repair of ships, etc	483, 866, 000
Miscellaneous expenses	546, 600, 000
Total services	3, 755, 128, 000
Total lend-lease costs charged to foreign governments	43, 951, 805, 000
Lend-lease costs not charged to foreign governments:	
Production facilities in United States	709, 627, 000
Transfers to Federal agencies	972, 468, 000
Losses on inventories and facilities	9, 027, 000
Administrative expenses	31, 706, 000
Miscellaneous charges	365, 421, 000
Total	2, 088, 249, 000
Total lend-lease aid	46, 040, 054, 000

Table 20

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TOTAL LEND-LEASE AID

Quarterly, in Millions of Dollars

Quarter	Amount
1941	
I	3
II	200
III	491
IV	825
1942	
I	1, 660
II	2, 118
III	1, 681
IV	1, 725
1943	
I	2, 078
II	3, 890
III	3, 877
IV	3, 903
1944	
I	4, 300
II	4, 416
III	3, 357
IV	3, 070
1945	
I	3, 275
II	3, 276
III	1, 895

Table 21

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LEND-LEASE EXPORTS CUMULATIVE TO OCTOBER 1, 1945

Millions of Dollars

Category	United Kingdom	U. S. S. R.	China, India, Australia, and New Zealand	Other countries	Total
Munitions:					
Ordnance	647	329	176	386	1, 538
Ammunition	1, 306	486	256	504	2, 552
Aircraft and parts	2, 500	1, 652	1, 093	1, 484	6, 729
Tanks and parts	1, 048	478	186	689	2, 401
Motor vehicles and parts	714	1, 411	580	608	3, 313
Watercraft	694	296	84	95	1, 169
Total munitions	6, 909	4, 652	2, 375	3, 766	17, 702
Petroleum products	1, 531	111	316	116	2, 074
Industrial materials and products:					
Machinery	599	1, 325	290	220	2, 434
Metals	745	922	298	269	2, 234
Other	628	793	298	393	2, 112
Total industrial	1, 972	3, 040	886	882	6, 780
Agricultural products:					
Foodstuffs	2, 762	1, 511	189	508	4, 970
Other agricultural products	668	164	45	112	989
Total agricultural products	3, 430	1, 675	234	620	5, 959
Total	13, 842	9, 478	3, 811	5, 384	32, 515

Table 22

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LEND-LEASE EXPORTS—BY CATEGORY

Quarterly, in Millions of Dollars

Quarter	Munitions	Petroleum products	Industrial items	Agricultural products	Total
1941					
I	1				1
II	23		7	26	56
III	67	8	44	106	225
IV	111	54	81	213	459
1942					
I	362	42	150	156	710
II	560	51	250	283	1,144
III	729	52	306	249	1,336
IV	993	69	387	294	1,743
1943					
I	1,068	71	376	356	1,871
II	1,428	90	512	400	2,430
III	1,837	134	606	562	3,139
IV	1,744	91	586	495	2,916
1944					
I	1,733	123	532	387	2,775
II	1,911	220	603	486	3,220
III	1,481	260	650	431	2,822
IV	1,270	236	584	398	2,488
1945					
I	992	235	448	373	2,048
II	948	255	420	399	2,022
III	444	82	239	345	1,110

Table 23

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LEND-LEASE EXPORTS—BY COUNTRY

Quarterly, in Millions of Dollars

Quarter	United Kingdom	U. S. S. R.	China, India, Australia, and New Zealand	Other countries	Total
1941					
I	----------	----------	----------	1	1
II	36	----------	2	18	56
III	169	----------	8	48	225
IV	368	1	42	48	459
1942					
I	345	168	87	110	710
II	507	342	137	158	1, 144
III	548	358	183	247	1, 336
IV	638	493	234	378	1, 743
1943					
I	720	584	189	378	1, 871
II	1, 185	536	251	458	2, 430
III	1, 278	858	339	664	3, 139
IV	1, 102	988	333	493	2, 916
1944					
I	1, 286	806	256	427	2, 775
II	1, 573	859	353	435	3, 220
III	1, 217	949	272	384	2, 822
IV	1, 024	829	323	312	2, 488
1945					
I	813	680	274	281	2, 048
II	694	713	329	286	2, 022
III	339	315	199	257	1, 110

Table 24

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LEND-LEASE EXPORTS

Exports are classified by the country to which the goods are shipped, not by the country for whose account they are shipped. The bulk of supplies exported to Egypt, for example, was for use by the British troops in North Africa and the Middle East and was charged to the United Kingdom account.

Thousands of Dollars

Country	Jan.–June 1945	July–Sept. 1945	Cumulative to Oct. 1, 1945
Europe:			
United Kingdom	1, 507, 140	339, 077	13, 842, 043
U. S. S. R.	1, 392, 427	314, 936	9, 477, 666
France	117, 594	109, 190	243, 900
Netherlands	1, 550	15, 706	17, 256
Belgium and Luxembourg	42, 132	21, 944	64, 076
Iceland	1, 087	82	6, 840
Other countries	119, 904	33, 042	641, 571
Total Europe	3, 181, 834	833, 977	24, 293, 352
Africa and Middle East:			
French Morocco	13, 274	7, 178	106, 843
Algeria	36, 074	17, 261	407, 194
Tunisia	9, 208	4, 597	25, 117
Libya	250	22	1, 315
Egypt	113, 685	20, 828	2, 014, 806
Anglo-Egyptian Sudan	69	12	13, 192
French Equatorial Africa	681	108	6, 203
French West Africa	8, 296	2, 530	35, 066
Gold Coast	143	117	42, 299
Nigeria	131	72	21, 971
British West Africa	350	71	20, 071
Belgian Congo	368	118	20, 144
British East Africa	1, 653	330	66, 617
Union of South Africa	9, 553	1, 037	234, 067
Southern Rhodesia	72	12	12, 631
Other Africa	1, 660	229	10, 252
Turkey	27	142	104, 012
Syria	182	21	1, 863
Iraq	2, 164	832	161, 477
Iran	3, 144	2, 361	64, 839
Palestine and Transjordan	680	702	16, 172
Other Middle East	2, 976	256	6, 574
Total Africa and Middle East	204, 640	58, 836	3, 392, 725

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LEND-LEASE EXPORTS—Continued

Thousands of Dollars

Country	Jan.–June 1945	July–Sept. 1945	Cumulative to Oct. 1, 1945
Far East and Oceania:			
China	32, 129	15, 827	223, 904
India and Ceylon	369, 438	102, 351	2, 116, 135
Burma	----------	451	3, 878
British Malaya	----------	----------	8, 790
Netherlands Indies	----------	----------	23, 550
Australia	189, 272	72, 515	1, 226, 216
New Guinea	192	49	13, 826
New Zealand	11, 944	7, 488	216, 925
British Oceania	299	114	1, 953
French Pacific Islands	84	36	1, 431
Total	603, 358	198, 831	3, 836, 608
North, Central and South America:			
Canada	44, 243	10, 278	628, 013
Newfoundland and Labrador	112	57	2, 197
Mexico	2, 644	355	18, 832
Guatemala	2	----------	1, 089
El Salvador	----------	1	851
Honduras	7	11	324
Nicaragua	31	----------	628
Costa Rica	1	6	145
Bermuda	92	36	2, 500
Bahamas	5, 685	1, 297	58, 641
Cuba	605	138	3, 777
Jamaica	123	75	6, 969
Haiti	7	----------	713
Dominican Republic	123	----------	1, 140
Trinidad and Tobago	1, 093	115	27, 494
Curacao	66	151	8, 237
French West Indies	1, 355	794	5, 565
Colombia	391	68	5, 352
Venezuela	232	35	2, 751
Surinam	70	5	3, 131
Ecuador	181	21	4, 868
Peru	1, 832	186	14, 184
Bolivia	2, 201	44	4, 436
Chile	1, 678	325	20, 988
Brazil	15, 103	4, 842	159, 128
Paraguay	162	----------	1, 387
Uruguay	1, 511	9	5, 627
Other Countries	391	143	3, 688
Total	79, 941	18, 992	992, 655
Total, All Countries	4, 069, 773	1, 110, 636	32, 515. 340

Table 25

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STATUS OF NATIONS

Lend-Lease Countries and United Nations

Country	Declared eligible for lend-lease aid	Lend-lease agreement signed	Reciprocal aid agreement signed	United Nations declaration signed	Earliest date of existence of state of war with any Axis power	Earliest date of severance of diplomatic relations with any Axis power
Argentina	May 6, 1941				Mar. 27, 1945	Jan. 26, 1944
Australia	Nov. 11, 1941	[1]	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	
Belgium [2]	June 13, 1941	June 16, 1942	Apr. 17, 1945	Jan. 1, 1942	May 9, 1940	
Bolivia	May 6, 1941	Dec. 6, 1941		May 5, 1943	Apr. 7, 1943	Jan. 28, 1942
Brazil	May 6, 1941	Mar. 3, 1942		Apr. 10, 1943	Aug. 22, 1942	Jan. 28, 1942
Canada	Nov. 11, 1941	[4]		Jan. 1, 1942	Sept. 10, 1939	
Chile	May 6, 1941	Mar. 2, 1943		Feb. 14, 1945	Feb. 12, 1945	Jan. 20, 1943
China	May 6, 1941	June 2, 1942		Jan. 1, 1942	Dec. 9, 1941	
Colombia	May 6, 1941	Mar. 17, 1942		Jan. 17, 1944	Nov. 27, 1943	Dec. 8, 1941
Costa Rica	May 6, 1941	Jan. 16, 1942		Jan. 1, 1942	Dec. 8, 1941	
Cuba	May 6, 1941	Nov. 7, 1941		Jan. 1, 1942	Dec. 9, 1941	
Czechoslovakia	Jan. 5, 1942	July 11, 1942		Jan. 1, 1942	Dec. 9, 1941	
Dominican Republic	May 6, 1941	Aug. 2, 1941		Jan. 1, 1942	Dec. 8, 1941	
Ecuador	May 6, 1941	Apr. 6, 1942		Feb. 14, 1945	Feb. 2, 1945	Jan. 29, 1942
Egypt	Nov. 11, 1941			Feb. 28, 1945	Feb. 26, 1945	Sept. 4, 1939
El Salvador	May 6, 1941	Feb. 2, 1942		Jan. 1, 1942	Dec. 8, 1941	
Ethiopia	Dec. 7, 1942	Aug. 9, 1943		Mar. 7, 1944	Dec. 1, 1942	
France [2]	[3]	Feb. 28, 1945	Feb. 28, 1945	Jan. 1, 1945	Sept. 3, 1939	
Greece	Mar. 11, 1941	July 10, 1942		Jan. 1, 1942	Oct. 28, 1940	
Guatemala	May 6, 1941	Nov. 16, 1942		Jan. 1, 1942	Dec. 8, 1941	
Haiti	May 6, 1941	Sept. 16, 1941		Jan. 1, 1942	Dec. 8, 1941	
Honduras	May 6, 1941	Feb. 1, 1942		Jan. 28, 1942	Dec. 8, 1941	
Iceland	July 1, 1941	Nov. 21, 1941				
India	Nov. 11, 1941			Jan. 1, 1942	Sept. 3, 1939	

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Iran	Mar. 10, 1942			Sept. 14, 1943	Sept. 9, 1943	Sept. 16, 1941
Iraq	May 1, 1942	May 17, 1945		Apr. 10, 1943	Jan. 16, 1943	Sept. 5, 1939
Liberia	Mar. 10, 1942	June 8, 1943		Apr. 10, 1944	Jan. 27, 1944	Oct. 2, 1942
Luxembourg				Jan. 1, 1942	May 10, 1940	
Mexico	May 6, 1941	Mar. 18, 1943		June 10, 1942	May 22, 1942	Dec. 8, 1941
Netherlands [2]	Aug. 21, 1941	July 8, 1942	Apr. 30, 1945	Jan. 1, 1942	May 10, 1940	
New Zealand	Nov. 11, 1941	([1])	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	
Nicaragua	May 6, 1941	Oct. 16, 1941		Jan. 1, 1942	Dec. 8, 1941	
Norway	June 4, 1941	July 11, 1942		Jan. 1, 1942	Apr. 9, 1940	
Panama	May 6, 1941			Jan. 1, 1942	Dec. 7, 1941	
Paraguay	May 6, 1941	Sept. 20, 1941		Feb. 14, 1945	Feb. 8, 1945	Jan. 28, 1942
Peru	May 6, 1941	Mar. 11, 1942		Feb. 14, 1945	Feb. 11, 1945	Jan. 24, 1942
Philippines				June 14, 1942	Dec. 7, 1941	
Poland	Aug. 28, 1941	July 1, 1942		Jan. 1, 1942	Sept. 1, 1939	
Saudi Arabia	Feb. 18, 1943			Apr. 12, 1945	Mar. 1, 1945	Uncertain.
South Africa	Nov. 11, 1941	Apr. 17, 1945		Jan. 1, 1942	Sept. 6, 1939	
Turkey	Nov. 7, 1941	Feb. 23, 1945		Feb. 28, 1945	Feb. 23, 1945	Aug. 2, 1944
United Kingdom	Mar. 11, 1941	Feb. 23, 1942	Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	
United States				Jan. 1, 1942	Dec. 7, 1941	
U. S. S. R.	Nov. 7, 1941	June 11, 1942		Jan. 1, 1942	June 22, 1941	
Uruguay	May 6, 1941	Jan. 13, 1942		Feb. 24, 1945	Feb. 22, 1945	Jan. 25, 1942
Venezuela	May 6, 1941	Mar. 18, 1942		Feb. 20, 1945	Feb. 14, 1945	Dec. 31, 1941
Yugoslavia	Nov. 11, 1941	July 24, 1942		Jan. 1, 1942	Apr. 6, 1941	

[1] No Master Lend-Lease Agreement has been concluded with either Australia or New Zealand; but in the Reciprocal Aid Agreements entered into with these countries, they accepted the principles of the Lend-Lease Agreement with the United Kingdom as applicable to their lend-lease relations with the United States.

[2] Agreements under Section 3 (c) of the Lend-Lease Act have been signed with Belgium on April 17, 1945, with the Provisional Government of France on February 28, 1945, and with the Netherlands on April 30, 1945.

[3] Territory under the jurisdiction of the French National Committee was declared eligible to receive lend-lease aid on November 11, 1941, and all French territory not under the control of the Axis was declared eligible on November 13, 1942.

[4] In an exchange of notes dated November 30, 1942, Canada accepted the underlying principles of Article VII of the Master Agreement.

Table 26

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APPENDICES

Appendix I

JOINT UNITED STATES—UNITED KINGDOM STATEMENT REGARDING SETTLEMENT FOR LEND-LEASE, RECIPROCAL AID, SURPLUS WAR PROPERTY AND CLAIMS

1. The Governments of the United States and the United Kingdom have reached an understanding for the settlement of Lend-Lease and Reciprocal Aid, for the acquisition of United States Army and Navy surplus property, and the United States interest in installations, located in the United Kingdom, and for the final settlement of the financial claims of each government against the other arising out of the conduct of the war. Specific agreements necessary to implement these understanding, setting forth the terms in detail, and consistent herewith, are in the course of preparation and will shortly be completed.

2. This settlement for Lend-Lease and Reciprocal Aid will be complete and final. In arriving at this settlement both Governments have taken full cognizance of the benefits already received by them in the defeat of their common enemies. They have also taken full cognizance of the general obligations assumed by them in article VII of the Mutual Aid Agreement of February 23, 1942, and the understandings agreed upon this day with regard to commercial policy. Pursuant to this settlement, both Governments will continue to discuss arrangements for agreed action for the attainment of the economic objectives referred to in Article VII of the Mutual Aid Agreement. The Governments expect in these discussions to reach specific conclusions at an early date with respect to urgent problems such as those in the field of telecommunications and civil aviation. In the light of all the foregoing, both Governments agree that no further benefits will be sought as consideration for lend-lease and reciprocal aid.

3. The net sum due from the United Kingdom to the United States for the settlement of lend-lease and reciprocal aid, for the acquisition of surplus property, and the United States interest in installations, located in the United Kingdom, and for the settlement of claims shall be $650,000,000 subject to the accounting adjustment referred to below. This amount consists of (*a*) a net sum of $118,000,000 representing the difference between the amount of the services and supplies furnished or to be furnished by each Government to the other Government after VJ-day through lend-lease and reciprocal aid channels, less the net sum due to the United Kingdom under the claims settlement, and (*b*) a net sum of $532,000,000 for all other lend-lease and reciprocal aid items, and for surplus property and the United States interest in installations located in the United Kingdom owned by the United States Government. The actual amounts due to the respec-

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tive Governments for items included in (*a*) above other than claims will, however, be ascertained by accounting in due course, and the total sum of $650,000,000 will be adjusted for any difference between the sum of $118,000,000 mentioned above, and the actual sum found to be due. All new transactions between the two Governments after December 31, 1945, will be settled by cash payment.

4. The total liability found to be due to the Government of the United States will be discharged on the same terms as those specified in the Financial Agreement for the discharge of the credit provided therein.

5. In addition to the financial payments referred to above, the two Governments have agreed upon the following:

(*a*) Appropriate nondiscriminatory treatment will be extended to United States nationals in the use and disposition of installations in which there is a United States interest;

(*b*) Appropriate settlements for the lend-lease interest in installations other than in the United Kingdom and the Colonial Dependencies will be made on disposal of the installations;

(*c*) The United States reserves its right of recapture of any lend-lease articles held by United Kingdom Armed Forces, but the United States has indicated that it does not intend to exercise generally this right of recapture;

(*d*) Disposals for military use to forces other than the United Kingdom Armed Forces of lend-lease articles held by the United Kingdom Armed Forces at VJ-day, and disposals for civilian use other than in the United Kingdom and Colonies of such lend-lease articles, will be made only with the consent of the United States Government and any net proceeds will be paid to the United States Government. The United Kingdom Government agrees that except to a very limited extent it will not release for civilian use in, or export from, the United Kingdom and Colonies lend-lease articles held by the United Kingdom Armed Forces;

(*e*) The Government of the United Kingdom will use its best endeavors to prevent the export to the United States of any surplus property transferred in accordance with this understanding.

6. The Government of the United Kingdom agrees that, when requested by the Government of the United States from time to time prior to December 31, 1951, it will transfer, in cash, pounds sterling to an aggregate dollar value not in excess of $50,000,000, at the exchange rates prevailing at the times of transfer, to be credited against the dollar payments due to the Government of the United States as principal under this settlement. The Government of the United States will use these pounds sterling exclusively to acquire land or to acquire or construct buildings in the United Kingdom and the Colonial Dependencies for the use of the Government of the United States, and for carrying out educational programs in accordance with agreements to be concluded between the two Governments.

7. The arrangements set out in this statement are without prejudice to any settlements concerning lend-lease and reciprocal aid which may be negotiated between the Government of the United States and the Governments of Australia, New Zealand, the Union of South Africa, and India.

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Appendix II

AGREEMENT BETWEEN THE GOVERNMENTS OF THE UNITED STATES AND THE U. S. S. R. ON THE DISPOSITION OF LEND-LEASE SUPPLIES IN INVENTORY OR PROCUREMENT IN THE UNITED STATES

The Government of the United States and the Government of the Union of Soviet Socialist Republics, in order to provide for the orderly disposition in their mutual interests of the undelivered articles which were in inventory or procurement in the United States, prior to the cessation of active military operations against the common enemy, for the purpose of providing war aid to the Union of Soviet Socialist Republics under the act of Congress of March 11, 1941, as amended, agree as follows:

Article I

All articles and services undertaken to be provided by the Government of the United States under this agreement shall be made available under the authority and subject to the terms and conditions of the act of Congress of March 11, 1941, as amended, and any acts supplementary thereto.

Article II

Within such periods as may be authorized by law, the Government of the United States undertakes to transfer to the Government of the Union of Soviet Socialist Republics, and the Government of the Union of Soviet Socialist Republics agrees to accept subject to the right of inspection referred to in article V, those articles which are or will be available to the Government of the United States for transfer to the Government of the Union of Soviet Socialist Republics out of articles that are included in the requisitions set forth in schedule I–A or in the categories of articles set forth in schedule I–B and that were in inventory or procurement in the United States for the purpose of providing war aid to the Union of Soviet Socialist Republics, but were not transferred, prior to the date of the signature of this agreement.

The Government of the Union Soviet of Republics undertakes to pay the Government of the United States in dollars, for the articles transferred to the Government of the Union of Soviet Socialist Republics under this article, an amount to be determined as set forth in schedule II, and interest thereon, according to the terms and conditions set out in that schedule. The obligation of the Government of the Union of Soviet Socialist Republics to make payment in dollars in accordance with the terms of this agreement may be discharged by the delivery of gold, which will be valued at the buying price for gold provided in the provisional regulations issued under the Gold Reserve Act of 1934 as the same may be in effect at the time of each delivery.

Schedule I–A, Schedule I–B, and Schedule II, which are annexed hereto, are made a part of this Agreement.

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Article III

Changes may be made from time to time by mutual agreement of the parties in the list of requisitions and categories in schedule I–A and schedule I–B.

The Government of the Union of Soviet Socialist Republics shall be released from its obligation to accept articles under the provisions of article II upon payment to the Government of the United States of any net losses to the Government of the United States, including contract cancellation charges, resulting from the determination of the Government of the Union of Soviet Socialist Republics not to accept such articles.

The Government of the Union of Soviet Socialist Republics reserves the right, without payment as provided in the foregoing paragraph, not to accept articles which cannot be made available by the Government of the United States in complete units as specified in the approved requisitions or written requests of the Government of the Union of Soviet Socialist Republics, or in the offerings made by the United States Government, relating to such articles and units.

Article IV

Within such periods as may be authorized by law, the Government of the United States undertakes to aid in the movement to the Union of Soviet Socialist Republics of the articles provided under article II by furnishing American flag shipping and related services so far as it deems necessary to supplement Soviet flag shipping and so far as it is consistent with the national interest of the United States, and the Government of the Union of Soviet Socialist Republics agrees to pay the Government of the United States for such shipping and related services as may be made available under the provisions of this article in an amount and on terms and conditions set forth in schedule II.

Article V

The Government of the United States will, in lieu of granting any warranty express or implied with respect to articles transferred to the Union of Soviet Socialist Republics, assign to the Government of the Union of Soviet Socialist Republics any assignable rights which it may have against the suppliers, inland carriers, or other private contracting agencies for breach of warranty, or any assignable claims for loss of or damage to articles prior to transfer to the Government of the Union of Soviet Socialist Republics. The Government of the Union of Soviet Socialist Republics shall have the right of inspection of articles prior to delivery. The Government of the United States undertakes to use its best efforts to provide appropriate assistance to the Government of the Union of Soviet Socialist Republics to effectuate a satisfactory settlement with the suppliers, inland carriers, or other private contracting agencies of any claims of the Government of the Union of Soviet Socialist Republics covered by the aforesaid assignment.

The Government of the United States agrees that the provisions of article V of the Mutual Aid Agreement of June 11, 1942, shall not apply to supplies made available to the Government of the Union of Soviet Socialist Republics under the provisions of article II of this agreement.

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Article VI

The provisions of this agreement shall not apply to those articles which the Government of the Union of Soviet Socialist Republics has agreed to purchase and the United States Government has agreed to transfer under the terms and conditions of the letter dated May 30, 1945, from the Foreign Economic Administrator to the Chairman of the Government Purchasing Commission of the Soviet Union in the United States.

Nothing in this agreement shall modify or otherwise affect the final determination, under the act of March 11, 1941, as amended, and the Mutual Aid Agreement between the two Governments of June 11, 1942, of the terms and conditions upon which the Government of the Union of Soviet Socialist Republics has received aid except for the articles and services made available under the provisions of this agreement.

Article VII

This agreement shall take effect as from this day's date.

In witness whereof the undersigned, duly authorized by their respective Governments, have signed the present agreement in duplicate in Washington on the 15th day of October 1945.

For the Government of the United States:
(Signed) LEO T. CROWLEY.

For the Government of the Union of Soviet Socialist Republics:
(Signed) LEONID G. RUDENKO.

SCHEDULE I

(Schedule I–A and Schedule I–B contain voluminous detailed information concerning the materials and equipment to be supplied under the Agreement.)

SCHEDULE II

The terms and conditions upon which articles are to be transferred and shipping and related services rendered by the Government of the United States to the Government of the Union of Soviet Socialist Republics under the provisions of this Agreement are as follows:

A. *Definitions.*—1. The term "contract price" means the contract price f. o. b. point of origin, or the price computed by the United States Government f. o. b. point of origin in cases in which contracts are written on terms other than f. o. b. point of origin (confirmed by proper documents), which is paid by the United States Government to the contractor. The contract price shall be evidenced by a specific contract in cases where specific contracts have been entered into by a United States Government procurement agency in pursuance of an approved requisition or other written request of the Soviet Government Purchasing Commission or to fulfill offerings made by the United States to the Union of Soviet Socialist Republics for the war programs of the Union of Soviet Socialist Republics. In cases where

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articles so requested or offered are not procured on contracts placed by a U. S. Government procurement agency in part or in whole specifically for the Union of Soviet Socialist Republics but are procured by a United States Government procurement agency on general war supply contracts without specification of the particular ultimate recipient or recipients, the contract price shall be the average contract price (as computed by the United States Government) f. o. b. point of origin paid by the United States Government procurement agency for similar articles.

2. The term "the fair value of the articles" means: (*a*) In the case of nonfoodstuffs, in the aggregate, the contract price less 10 percent of such contract price; (*b*) In the case of foodstuffs, the price (as computed by the United States Government) at which the United States Government sells similar articles in similar quantities in the United States to other foreign governments at or about the time of transfer to the Union of Soviet Socialist Republics.

3. The term "Inland point of origin" means the factory in the case of articles in production or under contract for production at the time of the signing of this agreement and in the case of articles completed at the time of the signing of this agreement the point at which such articles are then situated or their immediate next destination if the articles are in transit.

B. Unless otherwise provided by mutual agreement, transfers of articles to the Government of the Union of Soviet Socialist Republics shall take place, in the case of nonfoodstuffs, immediately upon delivery of the articles at the inland point of origin, and in the case of foodstuffs, immediately upon the loading of the articles on board ocean vessels in a United States port, and title and risk of loss with respect to articles shall pass upon transfer to the Government of the Union of Soviet Socialist Republics; provided, that any article which shall not have been transferred to the Government of the Union of Soviet Socialist Republics as above set forth prior to 3 months following the time of the signing of this agreement or 3 months following the time of notice to the Government of the Union of Soviet Socialist Republics of the availability of the articles, whichever is the later, shall be deemed to be transferred to the Government of the Union of Soviet Socialist Republics upon such date, and the Government of the Union of Soviet Socialist Republics shall thereafter assume complete financial responsibility for the articles.

All articles made available shall be properly packed or prepared to meet the requirements of ocean shipping. The invoice delivered by the Government of the United States as certified by authorized officials of the Government of the Union of Soviet Socialist Republics with respect to articles transferred under article II shall be final. The Government of the Union of Soviet Socialist Republics shall, with respect to foodstuffs transferred, supply the Government of the United States with the necessary number of ship manifests and signed-on-board bills of lading with related invoices, packing lists, and other documents, whenever the foodstuffs are transported on a vessel not under the control of an agency of the Government of the United States.

C. The amount which the Government of the Union of Soviet Socialist Republics shall pay the Government of the United States, for articles transferred under the provisions of article II of this agreement,

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shall be the sum of the following items set forth in subparagraphs 1 and 2:

1. The fair value of the articles.

2. The costs incurred subsequent to transfer for storage, inland transportation, inland accessorial charges, and port accessorial charges normally incurred by cargo in accordance with the custom of the port.

In the case of nonfoodstuffs, such costs shall be evidenced by bills of lading, warehouse receipts or other appropriate invoices which shall be certified by the Government of the Union of Soviet Socialist Republics to represent true charges. Upon presentation of such documents to the Government of the United States by the Government of the Union of Soviet Socialist Republics the Government of the United States will pay the carrier, warehouse or other contracting agency, as the case may be. The Government of the Union of Soviet Socialist Republics undertakes to identify by marking on the bill of lading, warehouse receipt, or other documents involved, the requisition and contract numbers and shipping marks or a description of the articles covered by such documents.

In the case of foodstuffs, such cost is included in the fair value of the article determined in accordance with subparagraph (1) above.

D. The amount which the Government of the Union of Soviet Socialist Republics shall pay the Government of the United States for shipping and related services made available under the provisions of article IV of this agreement shall be determined on the basis of applicable rates established by the Government of the United States, which shall be subject to acceptance by the Government of the Union of Soviet Socialist Republics.

E. Payment of the total amount determined as set forth above in paragraphs C and D shall be made by the Government of the Union of Soviet Socialist Republics, on or before July 1, 1975, in 22 annual installments, the first of which shall become due and payable on July 1, 1954. The amounts of the annual installments shall be as follows: each of the first 4 installments shall be in an amount equal to 2.5 percent of the amount determined as set forth above; each of the second 4 installments shall be 3.5 percent of said determined amount; each of the third 4 installments shall be 4.5 percent of said determined amount; each of the fourth 4 installments shall be 5.5 percent of said determined amount; and each of the last 6 installments shall be 6 percent of said determined amount.

Nothing herein shall be construed to prevent the Government of the Union of Soviet Socialist Republics from anticipating the payment of any of the installments, or any part thereof, set forth above.

If by agreement of both Governments it is determined that, because of extraordinary and adverse economic conditions arising during the course of payment, the payment of a due installment would not be in the joint interest of the United States and the Union of Soviet Socialist Republics, payment may be postponed for an agreed upon period.

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Interest on the unpaid balance of the total amount determined as set forth above in paragraphs C and D shall be paid by the Government of the Union of Soviet Socialist Republics at a fixed rate of 2⅜ percent per annum accruing from July 1, 1946. Interest shall be payable annually, the first payment to be made July 1, 1947.

For the Government of the United States:
(Signed) LEO T. CROWLEY.

For the Government of the Union of Soviet Socialist Republics:
(Signed) LEONID G. RUDENKO.

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Appendix III

CHRONOLOGICAL SUMMARY OF LEND-LEASE AND OF DEVELOPMENTS AFFECTING LEND-LEASE

1939

September 1—— Poland is invaded by Germany.

September 3—— Great Britain and France declare war on Germany.

November 4—— U. S. embargo on export of arms to belligerents is repealed by Public Resolution No. 54, but shipments are limited to "cash and carry" terms.

December 6—— Interdepartmental Committee for the Coordination of Foreign and Domestic Military Purchasing is set up by the President: The President's Liaison Committee.

1940

April—— British aircraft purchases (first large-scale foreign orders) involve foreign capital investment in new plants and equipment in U. S.

May 10—— The Netherlands, Belgium and Luxemburg are invaded by Hitler. Churchill succeeds Chamberlain as British Prime Minister.

May 27—— Beginning of rout of the British at Dunkerque: not 100 tanks left in England.

May 29—— Advisory Commission to the existing Council of National Defense is created by the President: first of the U. S. defense agencies.

June 14—— German troops enter Paris: armistice signed with Germany on June 22, and with Italy on June 24. With the fall of France, Great Britain assumes French war contracts in the United States.

June 15—— Pittman Act authorizes the Secretaries of War and the Navy to transfer military equipment, for cash, to American republics: forerunner of Lend-Lease Act.

June 22—— U. S. Army arranges through private interests to sell and ship to Great Britain large quantities of "surplus" military equipment.

September 2—— The destroyer deal: first non-cash transfer along policy lines that developed into lend-lease.

December 18—— In a speech containing a parable about lending a neighbor a "garden hose" to put out a fire in his house, the President gives the first public intimation of the lend-lease concept.

1941

January 10—— Lend-Lease Bill introduced into the Senate and House of Representatives: S. 275 and H. R. 1776.

January 15—— House Committee on Foreign Affairs begins hearings on Lend-Lease Bill.

January 27—— Senate Committee on Foreign Relations begins lend-lease hearings.

February 8—— Administration's Lend-Lease Bill passes the House of Representatives, 260 to 165.

March 8—— Amended Lend-Lease Bill passes the Senate, 60 to 31.

March 11—— Lend-Lease Act passes the House, 317 to 71, and is signed by the President.

March 27—— First lend-lease money—$7,000,000,000—is appropriated to the President by Congress.

April 1—— First lend-lease requisitions are filed, 54 at one time by the United Kingdom, the first requesting evaporated milk.

April 14—— President's Liaison Committee is dissolved.

May 2—— Division of Defense Aid Reports is organized in the Executive Office of the President to supervise the lend-lease program.

June 11—— First lend-lease report by the President to Congress.

June 22—— Germany attacks U. S. S. R.

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1941

July 21 — Division of Defense Aid Reports is made responsible for supervising Soviet Aid Program.

July 26 — Executive Officer, Division of Defense Aid Reports, is delegated limited authority to allocate lend-lease funds.

September 10 — Eden White Paper: unilateral policy declaration by Great Britain specifying conditions under which Britain is to use U. S. materials, both internally and in export trade.

September 11 — Second Report to Congress on Lend-Lease Operations.

September 16 — Appointment of Edward R. Stettinius, Jr., as Lend-Lease Administrator.

September 18 — Lend-Lease Administrator receives authority from the President to allocate, amend, alter or revoke lend-lease funds up to $300,000,000.

October 1 — First Soviet Protocol (aid to the U. S. S. R.) is approved by the President.

October 14 — Lend-Lease Administrator receives further authority to allocate lend-lease funds and to transfer between categories.

October 28 — Office of Lend-Lease Administration is established by Executive Order No. 8926 (succeeding Division of Defense Aid Reports) and the Administrator receives most powers conferred on the President by the Lend-Lease Act.

October 28 — Second Lend-Lease Appropriation: $5,985,000,000.

November 8 — U. S. and British forces land in North Africa.

December 7 — Japanese attack Pearl Harbor.

December 8 — U. S. declares war on Japan.

December 11 — Germany and Italy declare war on the U. S.; and the U. S. declares war on Germany and Italy.

December 12 — Third Report to Congress on Lend-Lease Operations.

1942

January 1 — United Nations declaration signed by 26 nations.

February 23 — Lend-lease master agreement is signed with the United Kingdom: first statement of terms and conditions governing lend-lease aid.

March 5 — Third Lend-Lease Appropriation: $5,425,000,000.

March 11 — President Roosevelt submits to Congress his report on the first year of lend-lease operations.

April 30 — Burma Road closed: lend-lease goods destined for China burned to prevent enemy capture.

June 11 — Fifth Report to Congress on Lend-Lease Operations.

September 3 — Reciprocal lend-lease agreements are signed with Australia, Fighting France, New Zealand and United Kingdom.

September 11 — Sixth Report to Congress on Lend-Lease Operations.

October 6 — Second Soviet Protocol is signed by the United States and Great Britain in Washington.

December 11 — Seventh Report to Congress on Lend-Lease Operations.

1943

January 14–24 — Casablanca Conference between President Roosevelt and Prime Minister Churchill.

January 25 — Report to the 78th Congress on Lend-Lease Operations.

January 29–February 23 — Hearings on the extension of the Lend-Lease Act before the House Foreign Affairs Committee

March 1, 2 — Hearings on the lend-lease extension before the Senate Foreign Relations Committee.

March 10 — House of Representatives voted 407–6 to extend the Lend-Lease Act until July 1, 1944.

March 11 — Senate voted 82–0 to extend lease-lend for one year.

March 11 — President Roosevelt signs the act extending the Lend-Lease Act.

March 11 — Eighth Quarterly Report to Congress on Lend-Lease Operations.

May 7 — Tunis and Bizerte fall to Anglo-American forces.

May 25 — Report to Congress on Lend-Lease Operations.

June 14 — Fourth Lend-Lease Appropriation: $6,273,629,000.

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1943	
July 9	Anglo-American forces under General Eisenhower land in Sicily.
August 11–24	First Quebec Conference between President Roosevelt and Prime Minister Churchill.
August 25	Eleventh Report to Congress on Lend-Lease Operations.
September 25	Foreign Economic Administration is established by Executive Order 9380, with Leo T. Crowley named Administrator.
October 19	Third Soviet Protocol is signed by the United States, Great Britain and Canada in London.
November 11	Twelfth Report to Congress on Lend-Lease Operations: Reverse Lend-Lease Aid from the British Commonwealth of Nations.
November 11	White Paper of the Chancellor of the Exchequer to Parliament on British Reverse Lend-Lease Figures and Policy.
November 22–26	Cairo Conference between President Roosevelt, Prime Minister Churchill and Generalissimo Chiang Kai-shek.
November 28–December 1	Teheran Conference between President Roosevelt, Prime Minister Churchill and Marshal Stalin.
December 24	General Eisenhower appointed Supreme Commander of the Allied Expeditionary Forces in Europe.
1944	
January 6	Thirteenth Report to Congress on Lend-Lease Operations.
January 20	The Red Army liberates Leningrad after a 29-month siege.
March 1–9	Hearings on the extension of the Lend-Lease Act before the House Foreign Affairs Committee.
March 11	Fourteenth Report to Congress on Lend-Lease Operations.
April 19	House of Representatives voted 344 to 1 to extend the Lend-Lease Act until July 1, 1945.
April 26	Hearings on the lend-lease extension begin before the Senate Foreign Relations Committee.
May 1	Report of the Senate Appropriations Committee on Lend-Lease Aid and Government Expenditures Abroad.
May 8	Senate voted 63 to 1 to extend the Lend-Lease Act for one year.
May 17	President Roosevelt signed the Act extending lend-lease for one year.
May 22	Fifteenth Report to Congress on Lend-Lease Operations.
June 4	Rome is liberated by the American Fifth Army.
June 6	D-day. Allied forces land on the Normandy coast of France.
June 30	Fifth Lend-Lease Appropriation: $3,538,869,000.
June 30	UNRRA Participation Appropriation Act authorizes the transfer of supplies, services or funds from lend-lease appropriations amounting to $350,000,000.
August 21–October 7.	Dumbarton Oaks Conference.
August 23	Sixteenth Report to Congress on Lend-Lease Operations.
September 11–16	Second Quebec Conference between President Roosevelt and Prime Minister Churchill.
September 25	Report to Congress on Operations of the Foreign Economic Administration.
September 29	President Roosevelt's letter to the FEA Administrator outlining the policies of the Foreign Economic Administration after V–E Day.
October 20	American forces invade Leyte, marking the American return to the Philippine Islands.
November 24	Seventeenth Report to Congress on Lend-Lease Operations: Reverse Lend-Lease Aid from the British Commonwealth of Nations.
November 24	White Paper presented by the Chancellor of the Exchequer to the British Parliament on Mutual Aid (Reverse Lend-Lease).
November 30	Joint Statement issued by the Foreign Economic Administrator, Secretary of the Treasury, and Secretary of State on policy of lend-lease aid to the British.
December 16	The German counter offensive opens against allied armies in the West: Battle of the Belgian Bulge.

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January 9	American forces under General MacArthur land on Luzon in the Philippine Islands.
February 4–11	Crimea Conference between President Roosevelt, Prime Minister Churchill and Marshal Stalin at Yalta.
February 7–March 6.	Hearings on the extension of the Lend-Lease Act before the House Foreign Affairs Committee.
February 19	U. S. Marines land in Iwo Jima.
February 20	Eighteenth Report to Congress on Lend-Lease Operations.
February 28	An Agreement under Section 3 (c) of the Lend-Lease Act is signed with the Provisional Government of France.
March 13	House of Representatives votes 354 to 28 to extend the Lend-Lease Act for one year.
March 28, April 4	Hearings on the lend-lease extension before the Senate Foreign Relations Committee.
April 1	American forces land on Okinawa in the Ryukyus.
April 10	Senate votes unanimously to extend the Lend-Lease Act for 1 year.
April 16	President Truman signs the Act extending lend-lease to July 1, 1946.
April 17	Belgium and the United States sign an Agreement under Section 3 (c) of the Lend-Lease Act.
April 17	Fourth Soviet Protocol is signed by the United States, Great Britain and Canada at Ottawa.
April 25	United Nations Conference on International Organization convenes at San Francisco.
April 30	The Netherlands and the United States sign an Agreement under Section 3 (c) of the Lend-Lease Act.
May 8	V–E day.
May 22	Nineteenth Report to Congress on Lend-Lease Operations.
July 5	Sixth Lend-Lease Appropriation: $2,475,000,000.
July 17–August 2	Potsdam Conference.
August 6	Atomic bomb dropped on Hiroshima.
August 8	Soviet Union enters the war against Japan.
August 9	Atomic bomb dropped on Nagasaki.
August 14	Japan capitulates.
August 21	The President directs the Foreign Economic Administrator to take steps immediately to discontinue lend-lease operations.
August 30	Twentieth Report to Congress on Lend-Lease Operations.
September 2	V–J day.
October 4	Hearings begin before House Appopriations Committee on rescission of $1,729,561,000 of funds previously appropriated for lend-lease.
October 20	Foreign Economic Administration abolished and lend-lease functions transferred to the Department of State.
December 5	United States and United Kingdom announce agreement regarding settlement for lend-lease, reciprocal aid, surplus war property, and claims.

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January 31	Twenty-first Report to Congress on Lend-Lease Operations.

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Appendix IV

LEND-LEASE ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

Section 2

As used in this Act—

(a) The term "defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article described in this subsection;

(4) Any agricultural, industrial, or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

Section 3

(a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government, any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed $1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency, or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter ap-

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propriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory: *Provided, however,* That nothing in this paragraph shall be construed to authorize the President to assume or incur any obligations on the part of the United States with respect to post-war economic policy, post-war military policy, or any post-war policy involving international relations except in accordance with established constitutional procedure.

(c) After June 30, 1946, or after the passage of a concurrent resolution by the two Houses before June 30, 1946, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1949, any of such powers may be exercised to the extent to carry out a contract or agreement with such a foreign government made before July 1, 1946, or before the passage of such concurrent resolution whichever is the earlier; *Provided, however,* That nothing in section 3 (c) shall be construed to authorize the President to enter into or carry out any contract or agreement with a foreign government for post-war relief, post-war rehabilitation or post-war reconstruction; except that a contract or agreement entered into in accordance with this Act in which the United States undertakes to furnish to a foreign government defense articles, services, or information for use in the prosecution of the present war and which provides for the disposition, on terms and conditions of sale prescribed by the President, of any such defense articles, services, or information after the President determines they are no longer necessary for use by such government in promoting the defense of the United States shall not be deemed to be for post-war relief, post-war rehabilitation or post-war reconstruction.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

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Section 4

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense articles or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

Section 5

(a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President, from time to time, but not less frequently than once every 90 days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

Section 6

(a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1949.

Section 7

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall, in all contracts or agreements for the disposition of any defense article or defense information, fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owner and holders of such patents.

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Section 8

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

Section 9

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

Section 10

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

Section 11

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

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On March 13, 1945, the House of Representatives voted 354–8 to extend the Lend-Lease Act, as amended, until July 1, 1946. The Senate voted unanimously for the extension of the Act, as amended, on April 10, 1945. The President signed the Act on April 16, 1945. The Amendment consisted of a proviso added to subsection (c) of section 3.

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Appendix V

BRITISH MASTER AGREEMENT

Agreement Between the Governments of the United States of America and of the United Kingdom on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, Authorized and Provided for by the Act of March 11, 1941.

Whereas the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the President of the United States of America has determined, pursuant to the Act of Congress of March 11, 1941, that the defense of the United Kingdom against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the United Kingdom aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the United Kingdom receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the United Kingdom and will promote the establishment and maintenance of world peace;

And whereas the Governments of the United States of America and the United Kingdom are mutually desirous of concluding now a preliminary agreement in regard to the provisions of defense aid and in regard to certain considerations which shall be taken into account in determining such terms and conditions, and the making of such an agreement, has been in all respects duly authorized, and all acts, conditions, and formalities which it may have been necessary to perform, fulfill, or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the United Kingdom have been performed, fulfilled, or executed as required;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

Article I

The Government of the United States of America will continue to supply the Government of the United Kingdom with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

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Article II

The Government of the United Kingdom will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities, or information as it may be in a position to supply.

Article III

The Government of the United Kingdom will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act or permit the use thereof by anyone not an officer, employee, or agent of the Government of the United Kingdom.

Article IV

If, as a result of the transfer to the Government of the United Kingdom of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the United Kingdom will take such action or make such payment when requested to do so by the President of the United States of America.

Article V

The Government of the United Kingdom will return to the United States of America at the end of the present emergency, as determined by the President, such defense articles transferred under this Agreement as shall not have been destroyed, lost, or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

Article VI

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the United Kingdom subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

Article VII

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom, in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like

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mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

Article VIII

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this 23d day of February 1942.

For the Government of the United States of America:

[SEAL] SUMNER WELLES,
Acting Secretary of State of the United States of America.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

[SEAL] HALIFAX
His Majesty's Ambassador Extraordinary and Plenipotentiary at Washington.

☆ ☆ ☆

Similar Master Lend-Lease Agreements have been signed with the following countries: Belgium, China, Czechoslovakia, Ethiopia, Greece, Liberia, The Netherlands, Norway, Poland, Union of Soviet Socialist Republics, and Yugoslavia. Australia and New Zealand have accepted the principles of the Master Agreements.

U. S. GOVERNMENT PRINTING OFFICE: 1946

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TWENTY-SECOND REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended December 31, 1945

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TWENTY-SECOND REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended December 31, 1945

Submitted in accordance with
Section 5, Subsection b, of the
Lend-Lease Act of March 11, 1941
Public Law No. 11, 77th Congress, 1st Session

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PRESIDENT'S LETTER OF TRANSMITTAL

To the Congress of the United States of America:

I am transmitting herewith the twenty-second report of operations under the Lend-Lease Act.

This report contains an explanation of the lend-lease settlement reached with the United Kingdom on December 6, 1945, and includes the specific agreements of March 27, 1946, between the United States and the United Kingdom. I am convinced that this settlement, which is in accordance with the aims of Article VII of the Master Lend-Lease Agreement between the two Governments, serves the best interests of the United States and, at the same time, will "promote mutually advantageous economic relations" between the two countries.

This report also discusses the continuation of lend-lease aid to China, which has been necessary to enable that country to take over the areas under Japanese occupation, and information on the total amount of lend-lease aid rendered.

Operations under the Lend-Lease Act which remain to be completed, in addition to accounting and reporting activities, include the delivery of the small quantity of supplies still in the lend-lease "pipe-lines", for which the foreign governments have agreed to pay on varying terms, and negotiation of final settlements. Deliveries of "pipe-line" supplies are being made as rapidly as circumstances permit. As of this date final lend-lease settlements have been negotiated with the United Kingdom, Turkey, India, France and Australia. Negotiations with other countries are being carried on and will be completed as early as possible. Terms of these settlements will be discussed in future reports.

Harry S. Truman.

The White House,
June 14, 1946.

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Chapter 1

LEND-LEASE SETTLEMENT WITH THE UNITED KINGDOM

The over-all settlement between the United States and the United Kingdom, publicly announced on December 6, 1945, constituted a final settlement of lend-lease and reciprocal aid. The two Governments on that date issued a Joint Statement, initialed by the Secretary of State for the United States and by the Earl of Halifax, the British Ambassador to the United States, for the United Kingdom, setting forth the general provisions of the settlement. It was negotiated immediately after the end of hostilities in order to determine without delay the financial obligations resulting from lend-lease and reverse lend-lease. By so doing and thereby clearing the war account, we have removed a potent cause of economic and political friction between our country and the United Kingdom.

The negotiations on the United States side were carried on by a committee designated by the President consisting of William L. Clayton, Assistant Secretary of State for Economic Affairs, as Chairman; Fred M. Vinson, Secretary of the Treasury; Marriner S. Eccles, Chairman of the Federal Reserve Board, and Thomas B. McCabe, Foreign Liquidation Commissioner. On the British side were the Earl of Halifax and the late Lord Keynes, together with the Honorable R. H. Brand and Sir Henry Self. The settlement was negotiated under the authority of section 3 (b) of the Lend-Lease Act, which provides that the terms and conditions upon which a foreign government receives lend-lease aid shall be those which the President deems satisfactory, and the "the benefit to the United States may be payment or repayment in kind or property, or any direct or indirect benefit the President deems satisfactory." The settlement is complete and final and is not related to the proposed $3.75 billion loan, although the terms of payment of the net amount due in settlement of lend-lease and reciprocal aid are the same as the terms of repayment of the proposed loan. It conforms to the spirit and framework of Article VII of the Master Lend-Lease Agreement and to the principles frequently stated in reports to Congress on operations under the Lend-Lease Act.

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THE BACKGROUND OF THE SETTLEMENT

For more than 2¼ years before Pearl Harbor, with her European allies falling one by one before the onslaught, Britain fought Nazi attacks from the air and the threat of invasion from the sea. Prior to the passage of the Lend-Lease Act, the British drew on their dollar resources to procure all the military equipment that could be obtained from the United States. When this country entered the war, lend-lease became a two-way street, and American forces poised on the island base of Britain for the attack on the mainland of Europe were housed, fed, transported and equipped with the aid of reverse lend-lease.

The Fifth and the Twentieth Reports to Congress discussed some of the basic economic considerations that would influence the settlements that would be made for lend-lease and reciprocal aid. The Fifth Report expresses the intention "to avoid the political and economic mistakes of international debt experience during the twenties," and recognizes that "the real costs of the war cannot be measured, nor compared, nor paid for in money. They must and are being met in blood and toil." When the Twentieth Report was issued in August 1945, the extent of lend-lease aid was known. Recognizing that the overwhelming portion had been directly consumed by our allies in the war, the statement was made that "if a debt approaching the magnitude of $42,000,000,000 were to be added to the other enormous foreign obligations that foreign governments have incurred for war purposes and must necessarily incur hereafter for rehabilitation and reconstruction of their devasted countries, it would have a disastrous effect upon our trade with the United Nations and hence upon production and employment at home." A settlement that would help to "establish the indispensable foundations of our economic well-being" could not ignore this prophecy.

The lend-lease settlement with the United Kingdom was made, therefore, not merely as a concluding chapter of our wartime financial history, but also as a part of the opening of the program of the United States to establish sound peacetime international economic relationships. This program looks toward achievement of a high level of international commerce and employment through reductions in barriers to international trade and participation in financial measures such as the International Bank and the International Monetary Fund. These measures, constituting part of our program for world peace, will enable trade to revive and to develop in international markets. As part of the program a financial agreement, providing for the proposed loan of $3.75 billion to the United Kingdom, was negotiated concurrently with the lend-lease settlement. The terms of this agreement, if the loan is approved by Congress, provide for removal by the United Kingdom of all exchange restrictions on current transactions with the United States, for free convertibility of sterling in dollars in the sterling

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area within a year after approval of the loan, and elimination of discrimination against the United States in respect of import restrictions applied by the United Kingdom.

In addition, while the terms of the proposed loan and of the lend-lease settlement were being negotiated, the United States secured from the British the adherence to and support of the "Proposals for Expansion of World Trade and Employment." This undertaking by the British will go far to assure the acceptance of these proposals by other members of the United Nations as a basis for an enlarged flow of trade among nations. Consequently, the British acceptance of these proposals can be counted as a tremendous intangible benefit which comes to the United States as part of the lend-lease settlement in conformity with the terms of Article VII of the Master Lend-Lease Agreement. The United States and the United Kingdom also have recently concluded satisfactory agreements in the fields of telecommunication and commercial aviation, which were also negotiated within the spirit of Article VII.

While these agreements are of real benefit to the United States with respect to the future, the principal contribution from the aid furnished to the United Kingdom under lend-lease was the strengthening of the British forces for the common victory over the fascist powers. All these factors were fundamental considerations in the settlement. The first and most fundamental aspect of the lend-lease settlement with the United Kingdom, however, is that no financial obligation was created on the part of either country in respect to the goods furnished under lend-lease or reverse lend-lease which were lost, destroyed, or consumed in defeating our enemies. These goods and services were used in winning the war and neither country benefits financially from such use at the expense of the other.

SPECIFIC AGREEMENTS

The Joint Statement of December 6, 1945, stated the principles of the over-all agreement settling lend-lease and reciprocal aid. Specific agreements necessary to implement the understanding reached between the two Governments, setting forth in detail the terms of the Agreement, were completed in the following 3 months and were signed on March 27, 1946. These specific agreements are printed in Appendix VI of this report. Brief descriptions of each agreement follow.

Agreement No. I.—Lend-Lease and Reciprocal Aid Pipe Lines and Offsetting Arrangement

This Agreement covers the delivery after VJ-day of goods and services in the lend-lease and reciprocal aid "pipe lines." The term "pipe line" generally means goods which were under contract as of VJ-day, or in the

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case of agricultural commodities, they were products which were under allocation to a particular government as of that date. The Agreement provides that all goods transferred thereunder will be paid for in full on the basis of actual cost to the transferor government. Each government will accumulate the bills for goods and services that it furnished, and for all other transactions specifically brought into the offsetting arrangement, including a net balance of claims in favor of the United Kingdom amounting to $53,020,000. The bills will be balanced against each other to determine the net sum due to the United States. While the final amount will thus be determined by actual billing, the best estimates available on December 6, 1945, were that the amount would be $118,000,000.

As of the date of this report, approximately $138,000,000 worth of goods had been shipped to the United Kingdom out of the total lend-lease "pipe line", which was ultimately expected to amount to $326,000,000. The reciprocal aid pipe line, all of which has been transferred, amounted to approximately $130,000,000.

The offsetting arrangement was adopted in order to avoid the disruption in supply arrangements that would have occurred if the machinery of lend-lease and reciprocal aid had been completely turned off on VJ-day. It enabled both Governments, without interrupting the flow of essential supplies, to set up new machinery for the procurement of those supplies which, prior to VJ-day, had been received through lend-lease and reciprocal aid channels. Such procedure was a continuation of the cooperation that had characterized the supply arrangements between the two Governments throughout the war.

Agreement No. II—Intergovernmental Claims

In the course of the negotiations, it was recognized that the interests of both Governments would best be served if all outstanding claims could be dealt with as part of the over-all settlement. No troublesome negotiations would then remain to plague each side long after personnel familiar with the problems had moved on to other work. Accordingly, there were collected from representatives of all branches of both Governments data respecting all known outstanding claims arising out of wartime supply activities. These claims were carefully considered by the negotiators on behalf of the two Governments, and, with three exceptions, agreement was reached respecting the amount to be paid for all claims presented. The three exceptions are covered by the waiver provision of this Agreement, which states that all financial claims of one Government against the other which arose out of lend-lease or reciprocal aid, or otherwise arose during the conduct of World War II, and which are not dealt with in this Agreement or any other Agreements concurrently concluded, are forever waived.

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Agreement No. III.—Civilian Holdings

Under this Agreement the United Kingdom received title, without restriction as to disposition or use, to all civilian lend-lease articles in the possession of the British at the end of the war. The inventories contained many articles urgently needed for the civilian economy in the United Kingdom. This agreement does not cover articles in the possession or control of the United Kingdom armed forces, petroleum products, certain vessels of over 100 gross tons and certain noncombat aircraft, which are provided for in one or more of the other specific agreements. This Agreement also provides for transfer to the United States Government of full title to similar reciprocal aid articles in the possession of the United States. The original cost of the articles in the lend-lease civilian inventory covered by this Agreement was $526,000,000. Payment for the reciprocal aid inventory, which had an original cost of $40,000,000, was made by the United States through an offset against the present value of the lend-lease inventory. The net amount due from the United Kingdom for the difference between lend-lease and reverse lend-lease inventories is included in the $532,000,000 to be paid by that government pursuant to the Joint Statement of December 6, 1945.

The only restriction on disposition or use of the articles transferred under this Agreement is an undertaking by the Government of the United Kingdom that, when it disposes of or distributes such articles, it will use its best endeavors to avoid discrimination against the legitimate interests of American manufacturers or producers of such articles, or their agents or distributors in the British Isles.

Agreement No. IV.—Military Holdings

This Agreement covers the lend-lease and reciprocal aid articles held by the armed forces of the two Governments, with the exception of certain aircraft, petroleum products and vessels, which are covered by other agreements. All the articles covered by this Agreement are left in the possession of the Government which held them on VJ-day. However, both Governments retained a right to recapture any of such articles, although both Governments have expressed their intention not to exercise generally this right of recapture. Retransfers of the articles to third governments may be made only with the consent of the Government which originally supplied the articles, and the Agreement states that any such transfers will in all cases be made for purposes compatible with the principle of international security and welfare set forth in the Charter of the United Nations. Diversions to civilian purposes, in countries outside the United Kingdom and its Colonial Dependencies, of any articles held by the British armed forces may be made only with the consent of the United States and on condition

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that net proceeds of any such disposal will be turned over to the United States. Diversions for civilian use in the United Kingdom or British Colonial Dependencies are permitted only to a very limited extent.

The bulk of the articles covered by this Agreement are combat items of types that have no civilian utility, closely paralleling the type of equipment also in the hands of American armed forces in far greater quantities than are needed now that the war is over. Generally, they could not be disposed of as surplus without full demilitarization. It seemed clearly in the best interests of the United States to leave the equipment in the possession of the British, but, by asking for no payment for it, reserving our right to recapture any of the equipment.

Agreement No. V—Noncombat Aircraft

The types of aircraft covered by this Agreement are listed in the annex attached to it. They are all noncombat, although some of them, such as the training planes, are not useful for civilian purposes. Three distinct parts of the Agreement are noteworthy. Full title to 643 transport aircraft was transferred to the British, for which payment was made out of the $532,000,000 specified in the Joint Statement of December 6, 1945. Another provision calls for the leasing of 671 C–47 transport aircraft for 7,213 aircraft-hours for purposes of troop redeployment. The British were given an option to purchase any of these aircraft at standard surplus property rates, or to extend the lease at standard rates. The third significant provision of the Agreement is that certain of the aircraft covered were left in the possession of the British, subject to a right of recapture by the United States. Any aircraft to be returned to this country are to be delivered by the British to such places as may be designated by the United States.

Agreement No. VI—Petroleum Products

During the war the United States and the United Kingdom pooled petroleum products in the various theaters of operation, the United States making its contribution largely by means of products acquired with lend-lease funds. The United Kingdom contribution was made available to the United States under reciprocal aid. At the end of the war, the pools in various areas contained petroleum products contributed by both Governments in varying proportions, and it became necessary to define the shares of each Government in such pools. The Agreement relating to petroleum defines the shares of each Government and specifies the quantities that may be withdrawn by each without payment. The Agreement further provides for transfers of title to the portions not to be withdrawn. Payment by the United Kingdom for the excess of lend-lease petroleum products so acquired over the quantity of reciprocal aid petroleum products acquired by the

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United States is made as part of the $532,000,000 described in section 3 (b) of the Joint Statement of December 6, 1945.

Agreement No. VII.—Installations

This Agreement covers lend-lease and reciprocal aid "installations," which are defined as structures or capital assemblies annexed to land or buildings in a permanent manner. In general, the Agreement transfers to each Government the lend-lease or reciprocal aid components of installations located within its own territory. The settlement for installations is covered in the payment of $532,000,000 described in the Joint Statement of December 6, 1945. In connection with the use and disposition of installations covered by this Agreement, both Governments agreed not to discriminate against the nationals of the other Government, and it is also agreed that disposals of installations located in third countries in which both Governments have an interest are to be arranged by mutual agreement.

Agreement No. VIII.—Surpluses

There were located in the United Kingdom on December 6, 1945, United States Army and Navy property having original cost value of approximately $351,000,000, which had been or was expected to be declared surplus, but which had not as yet been sold. As part of the over-all settlement, all of this property was transferred to the United Kingdom Government, the consideration being included in the $532,000,000 described in section 3 (b) in the Joint Statement of December 6, 1945. For accounting purposes, the United States has set a price of $60,000,000 on these surpluses. A full description of the transaction is contained in the Report to Congress on United States has set a settlement value of $60,000,000 on these surpluses. A full description of the transaction is contained in the Report to Congress on Foreign Surplus Disposal transmitted by the Secretary of State on April 23, 1946.

Agreement No. IX.—Tort Claims

During the war the United Kingdom paid under reverse lend-lease all damage claims arising against the United States resulting from actions in line of duty of members of the United States armed forces in the United Kingdom. As part of the over-all settlement, the British undertook to process such damage claims arising between VJ-day and December 31, 1949, resulting from the presence of American forces in the United Kingdom. Our Army and Navy are thereby relieved of the necessity of maintaining large claims commissions in the United Kingdom. A similar undertaking was made by the United States with respect to any claims that might arise

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in this country against the United Kingdom during the limited period ending February 28, 1946. The amounts paid by each Government will be included in the offsetting arrangement described in Agreement No. I.

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Chapter 2

CONTINUANCE OF LEND-LEASE AID TO CHINA

For more than 4 years before the attack on Pearl Harbor, the people of China were engaged in a valiant struggle against the powerful Japanese military machine. Fighting alone, they were gradually forced deep into the interior of China, taking with them as best they could their meager industrial equipment. With the seacoast and the rail connections to Indo-China lost to them, the Chinese depended almost entirely for the importation of supplies upon the Burma Road, inadequate in itself and terminating in an area almost bare of transportation facilities for the distribution of any volume of goods. Soon after the entry of the United States into the war, and before the projected improvement of the Burma Road could be realized, this last artery was cut by the Japanese. From that time until VJ-day, almost all military supplies and lend-lease goods were transported by air "over the hump" from India, a difficult and hazardous job. The opening of the Ledo connection from Assam to the China section of the Burma Road finally made it possible to send some automotive equipment and spare parts into China by land, but until the Japanese surrender the air route remained the major avenue of supplies for China, and it was developed to the full capacity of the distribution facilities at the China terminals. These daily flights of the Air Transport Command were the means by which our Eastern ally received lend-lease planes, bombs, and gasoline.

Other lend-lease aid was supplied China outside that country's boundaries in the training of Chinese troops, pilots, and civilian technicians in India and the United States. At the same time, the labor of thousands of Chinese was made available without charge to the United States for the construction of air bases to be used by United States Air Forces.

Because of the difficulties surrounding delivery, the total of lend-lease aid to China reported before VJ-day amounted to only $631,000,000.* However, with the surrender of Japan, the need for military assistance to China did not end, and that aid is still being provided. The collapse of the Japanese military regime was the signal for celebration over most of the world, but Japanese armies of more than a million men remained

*This understates the amount of aid furnished as of VJ-day since not all of the aid rendered as of that date had been reported.

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in China and Manchuria, dispersed over vast areas. Victory in China would not be complete until the Japanese were disarmed and removed and the territories long severed by the enemy from Chinese control were reoccupied.

The northern reaches of Manchuria were only accessible to the Chinese soldiers of the south and west by a crippled railway system and a limited fleet of motor vehicles operating over poor and inadequate roads. Lend-lease services were utilized in accomplishing the reoccupation of China and Manchuria. Under the command of General Wedemeyer, Commanding General, United States Forces in China, four Chinese armies were moved in American aircraft to the areas to be taken over. Two armies were transported by air from west and south China to the area of Shanghai, and one of these was transferred further by air to Tienstin. Another army was picked up at Hankow and transported by air to Peiping. This gigantic leand-lease operation with United States Army aircraft cost almost $300,000,000. Vehicles valued at $68,000,000 sorely needed by China, and ammunition valued at $50,000,000 were lend-leased to her out of United States Army supplies in the Far East. Warm clothing for Chinese soldiers enroute to Manchuria was lend-leased from United States Army stocks in the theater. These goods and services are being supplied in support of Gen. George C. Marshall's mission in compliance with United States policy as expressed in the President's statement of December 15, 1945. The President has determined that, subject to the limitations laid down by Congress, lend-lease aid should be provided for the reoccupation of former enemy areas in China and for the disarmament and repatriation of Japanese forces. In his statement of December 15, 1945 on United States policy toward China, the President said:

"In continuation of the constant and close collaboration with the National Government of the Republic of China in the prosecution of this war, in consonance with the Potsdam Declaration, and to remove possibility of Japanese influence remaining in China, the United States has assumed a definite obligation in the disarmament and evacuation of the Japanese troops. Accordingly, the United States has been assisting and will continue to assist the National Government of the Republic of China in effecting the disarmament and evacuation of Japanese troops in the liberated areas. The United States Marines are in north China for that purpose."

In that same public statement, the President gave assurance that "United States support will not extend to United States military intervention to influence the course of any Chinese internal strife." The over-all program of military aid to China is continuing beyond the period covered by this report, and consequently the final account will appear in a subsequent report.

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Chapter 3

AMOUNT OF LEND-LEASE AID FURNISHED

Total lend-lease aid reported from the beginning of the program on March 11, 1941, through December 31, 1945, amounted to $49,096,000,000. This amount will be increased somewhat by late reports of transfers made in the field by United States armed forces prior to VJ-day and to China after VJ-day. As indicated in the Twenty-First Report to Congress on Lend-Lease Operations, reports on these transfers are necessarily delayed because their preparation is subordinated to more urgent activities.

The amount of aid reported in the fourth quarter of 1945 was $3,056,000,000. This reflects to a large extent, however, transfers previously made but reported later and aid furnished after VJ-day, such as

TOTAL LEND-LEASE AID—BY COUNTRY

March 11, 1941–December 31, 1945

Country	Amount
British Empire	$30,753,304,000
U. S. S. R.	11,141,470,000
France and possessions	2,377,072,000
China	1,335,632,000
Brazil	319,494,000
Other American Republics	114,646,000
Netherlands	178,064,000
Belgium	82,884,000
Greece	76,838,000
Norway	37,708,000
Other countries	100,186,000
Total charged to foreign governments	46,517,298,000
Aid not charged to foreign governments	2,578,827,000
Total lend-lease aid	49,096,125,000

Table 1

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"pipe-line" material, for which we are reimbursed, either on a cash or credit basis. Straight lend-lease aid to our allies after VJ-day was of limited extent, consisting largely of shipping services for 2 months and of the continuance of military aid to China to help the Chinese expel the remaining Japanese forces remaining in that country.

In the period from VJ-day, on September 2, 1945, through February 28, 1946, the total amount of reported lend-lease aid increased by $4,095,000,000. This includes, however, only $1,242,000,000 of actual aid rendered in that period. The difference of $2,853,000,000 represents the late reporting of aid which had been rendered prior to VJ-day.

Goods which have been transferred since the end of the war were, in large part, in the lend-lease "pipe line," consisting of inventories or goods in process of procurement for lend-lease when hostilities ended. They do not represent new procurement. In many cases the equipment and supplies procured for lend-lease were built to foreign specifications and there was no demand for them in this country. To a large extent, therefore, the lend-lease aid rendered since VJ-day has not meant any significant drain on supplies in the United States.

Most of the aid rendered represents goods supplied under special agreements whereby the foreign governments pay on specified terms. These agreements include those arranged under section 3 (c) of the Lend-Lease Act, and the terms of settlement vary between the different countries.

LEND-LEASE AID

VJ-Day Through February 28, 1946

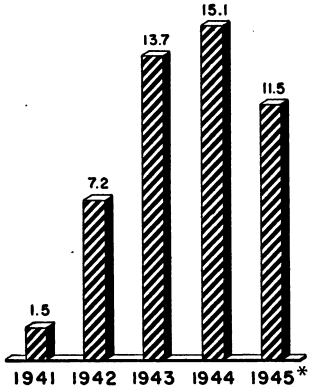
(The figures in this table represent aid RENDERED in the indicated period. The total amount of lend-lease REPORTED in this period amounted to $4,095,000,000, which includes the late reporting of aid rendered before VJ-Day.

Country	Amount
China	$602,045,000
British Empire	215,639,000
France	101,473,000
U. S. S. R.	75,595,000
Belgium	22,886,000
Netherlands	13,562,000
Other countries	5,909,000
Not charged to foreign governments	205,485,000
Total	1,242,594,000

Table 2

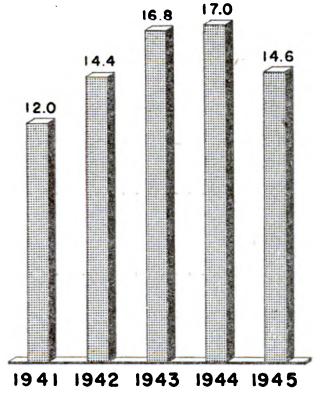
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LEND-LEASE AID
BILLIONS OF DOLLARS



*Total for 1945 includes certain transfers made in previous years

AID IN PERCENT OF TOTAL WAR EXPENDITURES



LEND-LEASE AID BY TYPE
TOTAL FROM MARCH 11, 1941 THROUGH DECEMBER 31, 1945

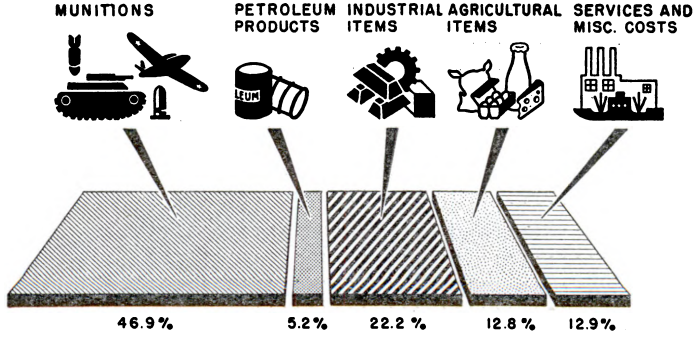


Chart 1

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REVERSE LEND-LEASE AID RECEIVED BY THE UNITED STATES, BY CATEGORY AND COUNTRY

Cumulative to September 2, 1945

Category	Amount
Capital installations	$1,516,646,000
Foodstuffs	504,335,000
Clothing	86,197,000
Petroleum and coal products	1,530,230,000
Air Force supplies and equipment	435,915,000
Other military supplies and equipment	1,148,724,000
Shipping and other transportation	1,294,642,000
Other services	490,678,000
Raw materials and food shipped to United States	338,380,000
Total	7,345,747,000

Country	Amount
United Kingdom	$4,543,809,000
Fiji Islands	9,422,000
Nigeria	2,845,000
Gold Coast	7,222,000
Other Colonies	6,952,000
Total from United Kingdom	4,570,250,000
Australia	888,440,000
New Zealand	238,089,000
India	608,500,000
Union of South Africa	870,000
Total British Empire	6,306,149,000
France	760,696,000
French Africa	107,085,000
Belgium*	154,952,000
Belgian Congo	339,000
Luxembourg	8,273,000
Netherlands	1,133,000
Netherlands—Curacao and Surinam	1,235,000
China	3,672,000
U. S. S. R.	2,213,000
Total	7,345,747,000

*Preliminary reports indicate that additional reverse lend-lease aid amounting to $20,000,000 has been supplied by Belgium.

Table 3

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Formal "pipe-line" agreements have been signed with France, the Netherlands, the U. S. S. R., the United Kingdom and Belgium. Exchanges of correspondence cover "pipe-line" shipments to China, India, Australia, and New Zealand. As described in the Twenty-First Report, the formal agreement with Belgium was amended to permit straight lend-lease shipments to continue in order to counterbalance the excess of reverse lend-lease.

As indicated by Table 2, China received approximately half of the reported aid of all types rendered from VJ-day to February 28, 1946. Practically all of this aid to China was in the form of services rendered and transfers made by the United States armed forces from stocks on hand in the Chinese theater. Shipments from this country to the Chinese were small. The aid shown as going to the British Empire, France, the U. S. S. R. and the Netherlands represented primarily sales of goods on a credit basis under the "pipe-line" agreements.

REVERSE LEND-LEASE AID

Airfields, barracks, hospitals, storage depots, food and clothing for our troops, aviation gasoline and other needed supplies for our Air Force, shipping services, transportation, and communication facilities, were all made available under reverse lend-lease without cash expenditure by us. Goods, facilities and services furnished us under reverse lend-lease through VJ-day had a reported total value of $7,346,000,000. As in the case of direct lend-lease, reports are not yet completed, and the final figures will probably show an increase. Table 3 on the opposite page indicates the break-down of reverse lend-lease by supplying country.

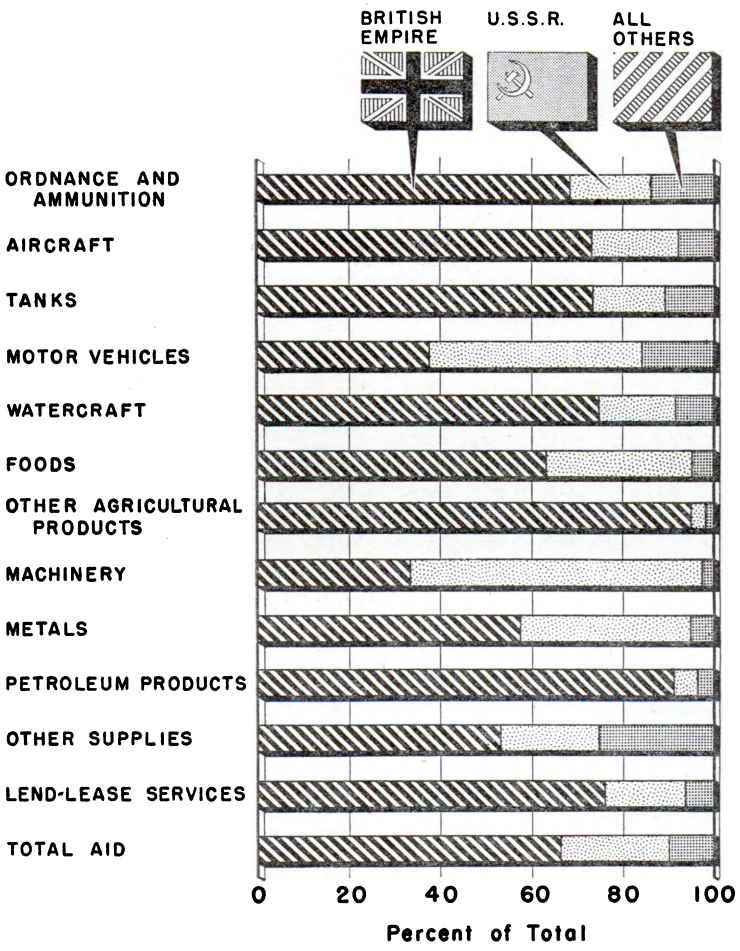
LEND-LEASE EXPORTS

From VJ-day to the end of 1945 exports of goods from this country which were classified as lend-lease totaled $502,000,000. The downward trend of lend-lease exports since D-Day is shown in Chart 3, page 23.

Our exports have now largely returned to regular commercial export channels. Trade with other countries in the future will feel the stimulating effect of the introduction of American products in various parts of the world through lend-lease. A wide range of products of American industry and agriculture were distributed in areas where they had not previously been known, thus fostering a new demand which should be reflected in future exports.

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DISTRIBUTION OF LEND-LEASE AID
BY COUNTRY



Based on aid rendered from March 11, 1941 to December 31, 1945

Chart 2

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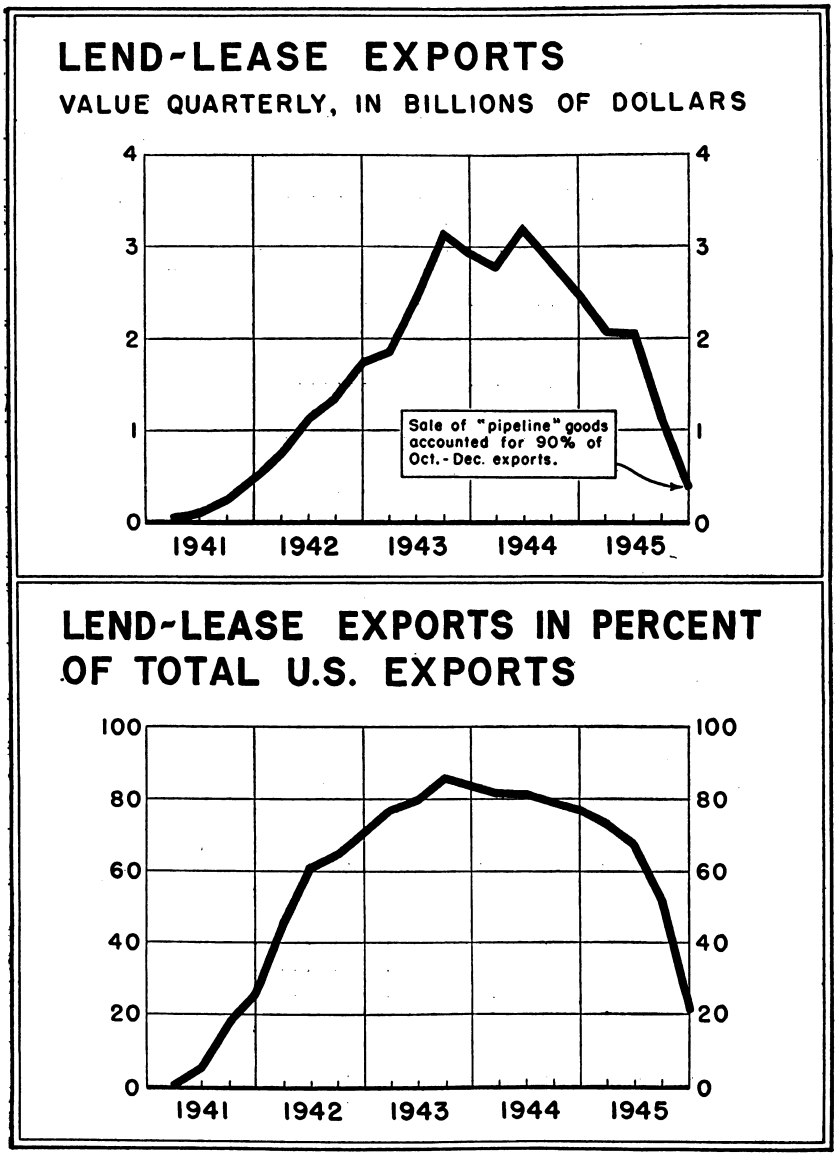


Chart 3

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LEND-LEASE AID—BY CATEGORY

March 11, 1941–December 31, 1945

Category	Amount
Ordnance	$1,470,566,000
Ammunition	2,958,990,000
Aircraft:	
Bombers	2,678,653,000
Pursuit and fighter planes	1,782,440,000
Other planes	874,233,000
Total planes	5,335,326,000
Aeronautical material:	
Spare engines and parts	1,135,808,000
Propellers and parts	244,486,000
Other equipment	1,490,491,000
Total aeronautical material	2,870,785,000
Ordnance vehicles and parts:	
Tanks	2,587,569,000
Other ordnance vehicles	848,031,000
Spare engines and parts	433,595,000
Total	3,869,195,000
Motor vehicles and parts:	
Trucks	1,783,753,000
Automobiles	2,101,000
Other vehicles and parts	687,390,000
Total	2,473,244,000
Watercraft:	
Combatant vessels	1,602,101,000
Naval auxiliary and small craft	1,017,389,000
Merchant vessels	924,849,000
Other equipage, services, supplies and materials	488,939,000
Total	4,033,278,000
Petroleum products	2,560,974,000
Military clothing	617,976,000
Signal equipment and supplies	1,220,927,000
Engineer equipment and supplies	778,008,000
Chemical warfare equipment	253,139,000
Other military equipment and supplies	697,647,000

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LEND-LEASE AID—BY CATEGORY—Continued

March 11, 1941–December 31, 1945

Category	Amount
Industrial equipment and commodities:	
Machine tools	$866,693,000
Agricultural implements	85,004,000
Electrical equipment and supplies	394,208,000
Railroad equipment and supplies	419,016,000
Iron and steel	1,211,446,000
Copper and brass	245,557,000
Aluminum	162,422,000
Silver	290,487,000
Other metals and minerals	455,850,000
Fertilizers	20,169,000
Other chemicals	257,013,000
Rubber and rubber products	99,204,000
Textiles and clothing	109,160,000
Timber products	220,956,000
Other equipment and commodities	2,704,437,000
Total	7,541,622,000
Food:	
Dairy products and eggs	1,651,759,000
Meat and fish	1,891,715,000
Fruits and vegetables	492,850,000
Grain and cereals	199,280,000
Sugar	189,437,000
Lard, fats and oils	611,667,000
Other foodstuffs	333,936,000
Total	5,370,644,000
Other agricultural products:	
Cotton	365,034,000
Tobacco	266,669,000
Seeds	45,630,000
Other products	12,769,000
Total	690,102,000
Total transfers	42,742,423,000
Services rendered	3,774,875,000
Lend-lease costs not charged to foreign governments:	
Production facilities in United States	709,871,000
Transfers to Federal agencies	1,183,252,000
Losses on inventories and facilities	10,013,000
Administrative expenses	32,241,000
Miscellaneous charges	643,450,000
Total	2,578,827,000
Total lend-lease aid	49,096,125,000

Table 4

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LEND-LEASE AID—BY CATEGORY AND COUNTRY

March 11, 1941–December 31, 1945

Thousands of Dollars

Category	British Empire	U. S. S. R.	Other countries	Total
Ammunition	2,118,319	481,953	358,718	2,958,990
Ordnance	922,546	301,795	246,225	1,470,566
Aircraft	3,684,894	1,189,200	461,232	5,335,326
Aircraft engines, parts, etc.	2,343,654	375,168	151,963	2,870,785
Tanks and ordnance vehicles	2,850,786	618,129	400,280	3,869,195
Motor vehicles and parts	931,034	1,150,806	391,404	2,473,244
Watercraft	3,017,331	689,205	326,743	4,033,279
Foods	3,406,531	1,726,023	238,091	5,370,645
Other agricultural products	864,792	28,885	17,381	911,058
Machinery	818,779	1,576,674	57,057	2,452,510
Metals	1,366,479	878,996	120,287	2,365,762
Petroleum products	2,333,672	134,160	93,142	2,560,974
Other supplies	3,225,198	1,314,248	1,530,643	6,070,089
Rental of ships, etc	2,006,279	473,819	200,459	2,680,557
Servicing, repair of ships, etc	326,054	120,442	21,199	467,695
Miscellaneous expenses	536,956	81,967	7,700	626,623
Total	30,753,304	11,141,470	4,622,524	46,517,298

Table 5

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FUNDS MADE AVAILABLE FOR LEND-LEASE

Funds for lend-lease purposes were made available in two ways:

I. Lend-Lease Appropriations to the President

First Lend-Lease Appropriation (March 27, 1941)	$7,000,000,000
Second Lend-Lease Appropriation (October 28, 1941)	5,985,000,000
Third Lend-Lease Appropriation (March 5, 1942)	5,425,000,000
Fourth Lend-Lease Appropriation (June 14, 1943)	6,273,629,000
Fifth Lend-Lease Appropriation (June 30, 1944)	3,538,869,000
Sixth Lend-Lease Appropriation (July 5, 1945)	2,475,000,000
Total	30,697,498,000
Deduct:	
First Supplemental Surplus Appropriation Rescission Act, 1946	1,739,561,000
Second Supplemental Surplus Appropriation Rescission Act, 1946	*1,080,000,000
Total Net Appropriations	27,877,937,000

*$135,000,000 of this amount is being transferred to UNRRA.

II. Transfers Authorized from Other Appropriations

Direct appropriations were made to the War and Navy Departments and to the Maritime Commission for the procurement of items which were in the main common to the uses of our own armed forces and those of our allies. These items when produced could be used, in other words, by our own armed forces or those of our allies in the manner in which they could be most effective in defeating our common enemy. It was not until they were ready for distribution that they were allocated by the military authorities in accordance with the strategic needs. The appropriation acts in question authorized transfers to our allies under the Lend-Lease Act up to a maximum total of about $36 billion. Lend-lease aid provided from these appropriations as of December 31, 1945 amounted to $23.6 billion.

War Department:	
Third Supplemental, 1942	$2,000,000,000
Fourth Supplemental, 1942	4,000,000,000
Fifth Supplemental, 1942	11,250,000,000
Sixth Supplemental, 1942	2,220,000,000
Military Appropriation Act, 1943	12,700,000,000
Navy Department: Second Supplemental, 1943	3,000,000,000
Departments Other Than War: Third Supplemental, 1942	800,000,000
Total	35,970,000,000

NOTE.—In addition to the foregoing, Congress with certain limitations authorized the leasing of ships of the Navy and merchant ships constructed with funds appropriated to the Maritime Commission without any numerical limitation as to the dollar value or the number of such ships which may be so leased. (See for example, Public Law 1, 78th Cong., approved February 19, 1943, and Public Law 11, 78th Cong., approved March 18, 1943.)

Table 6

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LEND-LEASE EXPORTS

Exports are classified by the country to which the goods are shipped, not by the country for whose account they are shipped. The bulk of supplies exported to Egypt, for example, was for use by the British troops in North Africa and the Middle East and was charged to the United Kingdom account.

Thousands of Dollars

Destination	Oct.–Dec. 1945*	Cumulative to Dec. 31, 1945
Europe:		
United Kingdom	47,247	13,879,627
U. S. S. R.	75,895	9,553,457
France	119,596	363,496
Netherlands	18,215	35,471
Belgium and Luxembourg	23,520	87,597
Iceland	65	6,905
Other countries	37,007	678,741
Total Europe	321,545	24,605,294
Africa and Middle East:		
French Morocco	1,892	108,735
Algeria	4,889	412,086
Tunisia	1,511	26,628
Libya	.....	1,315
Egypt	1,676	2,002,820
Anglo-Egyptian Sudan	.....	13,263
French Equatorial Africa	.....	6,208
French West Africa	3,214	38,290
Gold Coast	17	42,320
Nigeria	.....	21,960
British West Africa	56	20,126
Belgian Congo	34	20,019
British East Africa	9	66,867
Union of South Africa	96	234,115
Southern Rhodesia	2	12,548
Other Africa	120	10,290
Turkey	.....	106,234
Syria	13	1,876
Iraq	151	161,959
Iran	50	64,789
Palestine and Transjordan	217	26,475
Other Middle East	441	6,998
Total Africa and Middle East	14,388	3,405,921

*Shipment of goods sold to foreign governments under the "pipe-line" agreements accounted for about 90 percent of the total value of lend-lease exports in the October–December 1945 quarter. The remainder consisted of goods obtained by our allies under lend-lease procedure for which they paid in advance and of goods shipped to Italy for distribution by the U. S. Army.

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LEND-LEASE EXPORTS—Continued

Thousands of Dollars

Destination	Oct.–Dec. 1945*	Cumulative to Dec. 31, 1945
Far East and Oceania:		
China	14,625	238,758
India and Ceylon	15,021	2,123,609
Burma	144	4,022
British Malaya	406	9,196
Netherlands Indies	573	24,122
Australia	7,990	1,232,059
New Guinea	.....	13,756
New Zealand	1,539	219,489
British Oceania	.....	1,953
French Oceania	.....	1,428
Total Far East and Oceania	40,298	3,868,392
North, Central and South America:		
Canada	466	627,424
Newfoundland and Labrador	26	2,223
Mexico	21	18,854
Guatemala	.....	1,089
El Salvador	.....	851
Honduras	.....	324
Nicaragua	.....	628
Costa Rica	.....	145
Bermuda	19	2,519
Bahamas	3	58,644
Cuba	.....	3,777
Jamaica	108	7,077
Haiti	.....	713
Dominican Republic	.....	1,140
Trinidad and Tobago	25	27,519
Curacao	.....	8,145
French West Indies	175	5,740
Colombia	.....	5,352
Venezuela	.....	2,751
Surinam	5	3,136
Ecuador	5	4,873
Peru	26	14,210
Bolivia	.....	4,436
Chile	.....	20,988
Brazil	255	159,382
Paraguay	.....	1,387
Uruguay	.....	5,627
Other countries	82	3,770
Total North, Central, and South America	1,216	992,724
Total, all countries	377,447	32,872,331

Table 7

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APPENDIXES

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Appendix I

LEND-LEASE ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

Section 2

As used in this Act—

(a) The term "defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article described in this subsection;

(4) Any agricultural, industrial, or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

Section 3

(a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government, any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph except after consultation with the Chief of Staff or the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore

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appropriated, shall not exceed $1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency, or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory: *Provided, however*, That nothing in this paragraph shall be construed to authorize the President to assume or incur any obligations on the part of the United States with respect to post-war economic policy, post-war military policy, or any post-war policy involving international relations except in accordance with established constitutional procedure.

(c) After June 30, 1946, or after the passage of a concurrent resolution by the two Houses before June 30, 1946, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1949, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1946, or before the passage of such concurrent resolution, whichever is the earlier: *Provided, however*, That nothing in section 3 (c) shall be construed to authorize the President to enter into or carry out any contract or agreement with a foreign government for post-war relief, post-war rehabilitation or post-war reconstruction; except that a contract or agreement entered into in accordance with this Act in which the United States undertakes to furnish to a foreign government defense articles, services, or information for use in the prose-

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cution of the present war and which provides for the disposition, on terms and conditions of sale prescribed by the President, of any such defense articles, services, or information after the President determines they are no longer necessary for use by such government in promoting the defense of the United States shall not be deemed to be for post-war relief, post-war rehabilitation or post-war reconstruction.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

Section 4

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense articles or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

Section 5

(a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President, from time to time, but not less frequently than once every 90 days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

Section 6

(a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or

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defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1949.

Section 7

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall, in all contracts or agreements for the disposition of any defense article or defense information, fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owner and holders of such patents.

Section 8

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

Section 9

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

Section 10

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

Section 11

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

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On March 13, 1945, the House of Representatives voted 354–8 to extend the Lend-Lease Act, as amended, until July 1, 1946. The Senate voted unanimously for the extension of the Act, as amended, on April 10, 1945. The President signed the Act on April 18, 1945. The Amendment consisted of a proviso added to subsection (c) of section 3.

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Appendix II

BRITISH WHITE PAPER OF SEPTEMBER 10, 1941

FOREIGN OFFICE, S. W. I.,
10th September, 1941.

MY DEAR AMBASSADOR: With reference to the conversations about lend-lease material which have recently taken place in London and in which you have participated, I enclose a memorandum on the policy of His Majesty's Government in the United Kingdom with regard to exports from this country and with regard to the distribution here of lend-lease material. I shall be glad if you will transmit it to your Government.

Yours sincerely,

ANTHONY EDEN.

His Excellency The Honourable JOHN G. WINANT.

Memorandum

1. All materials which we obtain under the Lend-Lease Act are required for the prosecution of the war effort. This principle governs all questions of the distribution and use of such goods and His Majesty's Government have taken and will continue to take action to secure that these goods are not in any case diverted to the furtherance of private interests.

2. Lend-lease materials sent to this country have not been used for export and every effort will be made in the future to ensure that they are not used for export, subject to the principle that where complete physical segregation of lend-lease materials is impracticable domestic consumption of the material in question shall be at least equal to the amounts received under lend-lease.

3. His Majesty's Government have not applied and will not apply any materials similar to those supplied under lend-lease in such a way as to enable their exporters to enter new markets or to extend their export trade at the expense of United States exporters. Owing to the need to devote all available capacity and manpower to war production, the United Kingdom export trade is restricted to the irreducible minimum necessary to supply or obtain materials essential to the war effort.

4. For some time past, exports from the United Kingdom have been more and more confined to those essential (I) for the supply of vital requirements of overseas countries, particularly in the sterling empire; (II) for the

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acquisition of foreign exchange, particularly in the Western Hemisphere. His Majesty's Government have adopted the policy summarized below:

(I) No materials of a type the use of which is being restricted in the United States on the grounds of short supply and of which we obtain supplies from the United States either by payment or on lend-lease terms will be used in exports with the exception of the following special cases:

(a) Material which is needed overseas in connection with supplies essential to the war effort for ourselves and our Allies, and which cannot be obtained from the United States.

(b) Small quantities of such materials needed as minor though essential components of exports which otherwise are composed of materials not in short supply in the United States.

(c) Repair parts for British machinery and plant now in use, and machinery and plant needed to complete installations now under construction, so long as they have already been contracted for.

Steps have been taken to prevent the export (except to Empire and Allied territories) of such goods which do not come within the exceptions referred to in (a), (b), and (c) above.

(II) Materials similar to those being provided under lend-lease which are not in short supply in the United States will not be used for export in quantities greater than those which we ourselves produce or buy from any source.

5. The general principle followed in this matter is that the remuneration received by the distributors, whatever the method of distribution, is controlled and will be no more than a fair return for the services rendered in the work of distribution. The arrangements rigorously exclude any opportunity for a speculative profit by private interests from dealing in lend-leased goods. In most cases, lend-leased supplies will be distributed through organizations acting as agents of His Majesty's Government in the strict sense of the term and not as principals. Where for strong practical reasons this cannot be done a full explanation will be supplied to the United States administration and their concurrence sought beforehand in any alternative arrangements proposed. The justification for retaining existing channels of distribution operating under strict Government control, is that the creation of elaborate new organizations in their place would inevitably result in loss of efficiency and the wasteful use of manpower, and retard the war effort. In the distribution of lend-lease goods there will be no discrimination against United States firms.

6. Food is a special case. Only some 5 or 6 percent in tonnage of the total British food supply is coming from the United States and without

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great practical complications it would be impossible to have a separate system for the distribution of lend-leased food. Food distribution is carried out in the United Kingdom by wholesalers, to whom the Government sells food as principals. In fact, the Ministry of Food has established a close control over all distributive margins so that neither the wholesalers nor the retailers receive any greater remuneration than is adequate to cover the cost of the services performed. No food obtained on lend-lease terms is, or will be, sold at uncontrolled prices. Thus the general arrangements as regards the issue of lend-leased food fit into His Majesty's Government's policy of stabilizing the whole price level of foodstuffs, a policy to which the Government contributes £100 millions a year.

7. In some cases direct free distribution is practicable and will be adopted. For example, some milk products (including lend-leased supplies from the United States) are distributed direct and free of charge to children and others in need through schools, clinics, and hospitals. The distribution is undertaken by State agencies and the cost of the distribution is borne by the Government.

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Appendix III

BRITISH MASTER AGREEMENT

Agreement Between the Governments of the United States of America and of the United Kingdom on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, Authorized and Provided for by the Act of March 11, 1941.

Whereas the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the President of the United States of America has determined, pursuant to the Act of Congress of March 11, 1941, that the defense of the United Kingdom against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the United Kingdom aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the United Kingdom receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the United Kingdom and will promote the establishment and maintenance of world peace;

And whereas the Governments of the United States of America and the United Kingdom are mutually desirous of concluding now a preliminary agreement in regard to the provisions of defense aid and in regard to certain considerations which shall be taken into account in determining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions and formalities which it may have been necessary to perform, fulfill, or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the United Kingdom have been performed, fulfilled, or executed as required;

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The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

Article I

The Government of the United States of America will continue to supply the Government of the United Kingdom with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

Article II

The Government of the United Kingdom will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities of information as it may be in a position to supply.

Article III

The Government of the United Kingdom will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act or permit the use thereof by anyone not an officer, employee, or agent of the Government of the United Kingdom.

Article IV

If, as a result of the transfer to the Government of the United Kingdom of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the United Kingdom will take such action or make such payment when requested to do so by the President of the United States of America.

Article V

The Government of the United Kingdom will return to the United States of America at the end of the present emergency, as determined by the President, such defense articles transferred under this Agreement as shall not have been destroyed, lost, or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

Article VI

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the United Kingdom subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

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Article VII

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

Article VIII

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this 23d day of February, 1942.

For the Government of the United States of America:

[SEAL] SUMNER WELLES,
Acting Secretary of State of the United States of America.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

[SEAL] HALIFAX,
His Majesty's Ambassador Extraordinary and Plenipotentiary at Washington.

☆ ☆ ☆

Similar Master Lend-Lease Agreements have been signed with the following countries: Belgium, China, Czechoslovakia, Ethiopia, France, Greece, Liberia, The Netherlands, Norway, Poland, Turkey, Union of Soviet Socialist Republics, and Yugoslavia. Australia and New Zealand have accepted the principles of the Master Agreements.

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Appendix IV

RECIPROCAL-AID AGREEMENT WITH THE UNITED KINGDOM

The Honorable CORDELL HULL,
Secretary of State, United States Department of State,
Washington, D. C.

SIR: In the United Nations declaration of January 1, 1942, the contracting governments pledged themselves to employ their full resources, military or economic, against those nations with which they are at war and in the Agreement of February 23, 1942, each contracting government undertook to provide the other with such articles, services, facilities or information useful in the prosecution of their common war undertaking as each may be in a position to supply. It is further the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the general principle to be followed in providing mutual aid as set forth in the said Agreement of February 23, 1942, is that the war production and the war resources of both Nations should be used by the armed forces of each and of the other United Nations in ways which most effectively utilize the available materials, manpower, production facilities and shipping space.

With a view, therefore, to supplementing Article 2 and Article 6 of the Agreement of February 23, 1942, between our two Governments for the provision of reciprocal aid, I have the honour to set forth below the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland of the principles and procedures applicable to the provision of aid by the Government of the United Kingdom of Great Britain and Northern Ireland to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services which each Government may authorize to be provided to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

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It is accordingly the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to the United Kingdom. The Government of the United Kingdom will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorizes in accordance with the Agreement of February 23, 1942.

3. The Government of the United Kingdom will provide the United States or its armed forces with the following types of assistance as such reciprocal aid, when it is found that they can most effectively be procured in the United Kingdom or in the British Colonial Empire:

(a) Military equipment, munitions, and military and naval stores.

(b) Other supplies, materials, facilities, and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of the United Kingdom as specified in paragraph 4.

(c) Supplies, materials, and services needed in the construction of military projects, tasks and similar capital works required for the common war effort in the United Kingdom or in the British Colonial Empire, except for the wages and salaries of United States citizens.

(d) Supplies, materials and services needed in the construction of such military projects, tasks and capital works in territory other than the United Kingdom or the British Colonial Empire or territory of the United States to the extent that the United Kingdom or the British Colonial Empire is a more practicable source of supply than the United States or another of the United Nations.

4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities. Requests by the United States Government for such aid will be presented by duly authorized authorities of the United States to official agencies of the United Kingdom which will be designated or established in London and in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.

5. It is the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that all such aid, as well as other aid, including information, received under Article 6 of the Agreement of February 23, 1942, accepted by the President of the United States or his authorized representatives from the Government of the United Kingdom will be

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received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honour to be, with the highest consideration, Sir, your most obedient, humble servant,

HALIFAX.

SEPTEMBER 3, 1942.

His Excellency the Right Honorable The Viscount HALIFAX, K. G.,
British Ambassador.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of the United Kingdom of Great Britain and Northern Ireland to the armed forces of the United States of America.

In reply I wish to inform you that the Government of the United States agrees with the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland as expressed in that note. In accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

CORDELL HULL,

SEPTEMBER 3, 1942. *Secretary of State of the United States of America.*

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Appendix V

SETTLEMENT FOR LEND-LEASE AND RECIPROCAL AID, SURPLUS WAR PROPERTY AND CLAIMS

JOINT STATEMENT BY THE UNITED STATES AND THE UNITED KINGDOM

1. The Governments of the United States and the United Kingdom have reached an understanding for the settlement of lend-lease and reciprocal aid, for the acquisition of United States Army and Navy surplus property, and the United States interest in installations, located in the United Kingdom, and for the final settlement of the financial claims of each Government against the other arising out of the conduct of the war. Specific agreements necessary to implement this understanding, setting forth the terms in detail, and consistent herewith, are in the course of preparation and will shortly be completed.

2. This settlement for lend-lease and reciprocal aid will be complete and final. In arriving at this settlement both Governments have taken full cognizance of the benefits already received by them in the defeat of their common enemies. They have also taken full cognizance of the general obligations assumed by them in article VII of the mutual-aid agreement of February 23, 1942, and the understandings agreed upon this day with regard to commercial policy. Pursuant to this settlement, both Governments will continue to discuss arrangements for agreed action for the attainment of the economic objectives referred to in article VII of the mutual-aid agreement. The Governments expect in these discussions to reach specific conclusions at an early date with respect to urgent problems such as those in the field of telecommunications and civil aviation. In the light of all the foregoing, both Governments agree that no further benefits will be sought as consideration for lend-lease and reciprocal aid.

3. The net sum due from the United Kingdom to the United States for the settlement of lend-lease and reciprocal aid, for the acquisition of surplus property, and the United States interest in installations, located in the United Kingdom, and for the settlement of claims shall be $650,000,000 subject to the accounting adjustment referred to below. This amount consists of (*a*) a net sum of $118,000,000 representing the difference between the amount of the services and supplies furnished or to be furnished by each

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Government to the other Government after VJ-day through lend-lease and reciprocal aid channels, less the net sum due to the United Kingdom under the claims settlement, and (*b*) a net sum of $532,000,000 for all other lend-lease and reciprocal aid items, and for surplus property, and the United States interest in installations, located in the United Kingdom and owned by the United States Government. The actual amounts due to the respective Governments for items included in (*a*) above other than claims will, however, be ascertained by accounting in due course, and the total sum of $650,000,000 will be adjusted for any difference between the sum of $118,000,000 mentioned above, and the actual sum found to be due. All new transactions between the two Governments after December 31, 1945, will be settled by cash payment.

4. The total liability found to be due to the Government of the United States will be discharged on the same terms as those specified in the Financial Agreement concluded this day for the discharge of the credit provided therein.[1]

5. In addition to the financial payments referred to above, the two Governments have agreed upon the following:

THE RELEVANT PROVISIONS OF THE FINANCIAL AGREEMENT ARE AS FOLLOWS:

[1] 4. *Amortization and interest.*

(i) The amount of the line of credit drawn by December 31, 1951, shall be repaid in 50 annual installments beginning on December 31, 1951, with interest at the rate of 2 percent per annum. Interest for the year 1951 shall be computed on the amount outstanding on December 31, 1951, and for each year thereafter, interest shall be computed on the amount outstanding on January 1 of each such year.

Forty-nine annual installments of principal repayments and interest shall be equal, calculated at the rate of $31,823,000 for each $1,000,000,000 of the line of credit drawn by December 31, 1951, and the fiftieth annual installment shall be at the rate of $31,840,736.65 for each such $1,000,000,000. Each installment shall consist of the full amount of the interest due and the remainder of the installment shall be the principal to be repaid in that year. Payments required by this section are subject to the provisions of section 5.

(ii) The Government of the United Kingdom may accelerate repayment of the amount drawn under this line of credit.

5. *Waiver of interest payments.* In any year in which the Government of the United Kingdom requests the Government of the United States to waive the amount of the interest due in the installment of that year, the Government of the United States will grant the waiver if:

(*a*) the Government of the United Kingdom finds that a waiver is necessary in view of the present and prospective conditions of international exchange and the level of its gold and foreign exchange reserves *and*

(*b*) the International Monetary Fund certifies that the income of the United Kingdom from home-produced exports plus its net income from invisible current transactions in its balance of payments was on the average over the five preceding calendar years less than the average annual amount of United Kingdom imports during 1936–8, fixed at £866 million, as such figure may be adjusted for changes in the price level of these imports. Any amount in excess of £43,750,000 released or paid in any year on account of sterling balances accumulated to the credit of overseas governments, monetary authorities and banks before the effective date of this Agreement shall be regarded as a capital transaction and therefore shall not be included in the above calculation of the net income from invisible current transactions for that year. If waiver is requested for an

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interest payment prior to that due in 1955, the average income shall be computed for the calendar years from 1950 through the year preceding that in which the request is made.

(a) Appropriate nondiscriminatory treatment will be extended to United States nationals in the use and disposition of installations in which there is a United States interest;

(*b*) Appropriate settlements for the lend-lease interest in installations other than in the United Kingdom and the colonial dependencies will be made on disposal of the installations;

(*c*) The United States reserves its right of recapture of any lend-lease articles held by United Kingdom armed forces, but the United States has indicated that it does not intend to exercise generally this right of recapture;

(*d*) Disposals for military use to forces other than the United Kingdom armed forces of lend-lease articles held by the United Kingdom armed forces at VJ-day, and disposals for civilian use other than in the United Kingdom and colonial dependencies of such lend-lease articles, will be made only with the consent of the United States Government and any net proceeds will be paid to the United States Government. The United Kingdom Government agrees that except to a very limited extent it will not release for civilian use in, or export from, the United Kingdom and colonial dependencies lend-lease articles held by the United Kingdom armed forces;

(*e*) The Government of the United Kingdom will use its best endeavors to prevent the export to the United States of any surplus property transferred in accordance with this understanding.

6. The Government of the United Kingdom agrees that, when requested by the Government of the United States from time to time prior to December 31, 1951, it will transfer, in cash, pounds sterling to an aggregate dollar value not in excess of $50,000,000, at the exchange rates prevailing at the times of transfer, to be credited against the dollar payments due to the Government of the United States as principal under this settlement. The Government of the United States will use these pounds sterling exclusively to acquire land or to acquire or construct buildings in the United Kingdom and the colonial dependencies for the use of the Government of the United States, and for carrying out educational programs in accordance with agreements to be concluded between the two Governments.

7. The arrangements set out in this statement are without prejudice to any settlements concerning lend-lease and reciprocal aid which may be negotiated between the Government of the United States and the Governments of Australia, New Zealand, the Union of South Africa, and India.

DECEMBER 6, 1945.

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Appendix VI

MEMORANDUM PURSUANT TO JOINT STATEMENT OF DECEMBER 6, 1945, REGARDING SETTLEMENT FOR LEND-LEASE, RECIPROCAL AID, SURPLUS WAR PROPERTY, AND CLAIMS

1. The Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland announced in a Joint Statement of December 6, 1945 that they had reached an understanding for the settlement of lend-lease and reciprocal aid, for the acquisition of United States Army and Navy surplus property, and the United States interest in installations, located in the United Kingdom, and for the final settlement of the financial claims of each Government against the other arising out of the conduct of the war. It was therein stated that specific agreements necessary to implement that understanding, setting forth the terms in detail, and consistent with the Joint Statement were in the course of preparation. These have now been completed.

2. These specific agreements, which are annexed hereto, are as follows:

I. Agreement on Lend-Lease and Reciprocal Aid Pipelines and Offsetting Arrangement.

II. Agreement on Settlement of Intergovernmental Claims.

III. Agreement relating to Civilian Holdings.

IV. Agreement relating to Military Holdings.

V. Agreement on Lend-Lease Aircraft (Non-Combat) and Spares.

VI. Agreement relating to Petroleum.

VII. Agreement on Lend-Lease and Reciprocal Aid Installations.

VIII. Agreement relating to United States Army and Navy Surplus Property and Surplus Installations in the United Kingdom.

IX. Agreement relating to Tort Claims.

3. With the exception of certain small craft specifically covered by these Agreements, vessels furnished under lend-lease and reciprocal aid are subject to return to the supplying Government in accordance with the terms upon which they were furnished or with detailed arrangements agreed or to be agreed between the two Governments. Consequently no separate agreement relating to such vessels is included among these Agreements.

4. Insofar as provisions of these Agreements relate to British Colonial Dependencies, they are to be regarded as relating also to Southern Rhodesia.

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5. The Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland hereby signify their acceptance of the terms of the Agreements annexed hereto.

DONE in Washington in duplicate this twenty-seventh day of March, 1946.

For the Government of the United States of America:

DEAN ACHESON,
Acting Secretary of State
of the United States of America.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

HALIFAX,
His Majesty's Ambassador Extraordinary
and Plenipotentiary at Washington.

I

Agreement on Lend-Lease and Reciprocal Aid Pipelines and Offsetting Arrangement

In accordance with their JOINT STATEMENT REGARDING SETTLEMENT FOR LEND-LEASE, RECIPROCAL AID, SURPLUS WAR PROPERTY AND CLAIMS, dated December 6, 1945, the Governments of the United States and of the United Kingdom have reached agreement as set forth below regarding settlement for articles and services furnished after September 1, 1945 to either Government through lend-lease and reciprocal aid channels and regarding other matters covered by the off-setting arrangement described in paragraph 3 (a) of the Joint Statement. In general this agreement covers certain articles and services which were intended for supply through mutual aid channels but which, on September 2, 1945, had not been made available to the recipient Government.

A. PROVISION OF CERTAIN MILITARY AND NAVAL SUPPLIES AND SERVICES AS BETWEEN ARMED FORCES

1. Straight mutual aid between the Governments of the United States and of the United Kingdom was terminated generally on September 2, 1945, with certain exceptions (which include the provision of military and naval supplies and services referred to in paragraph 2 of this section).

2. In accordance with standing directives, the United States War and Navy Departments have had discretion, in the period after September 2, 1945, to continue to make supplies and services available to the United Kingdom Armed Forces on a straight lend-lease basis in certain specified circumstances. Similarly United Kingdom military and air commanders in the areas under the South East Asia Command and under the United States Army Forces in the Pacific Theatre, and United Kingdom naval commanders in all theatres, have had discretion to make supplies and services available

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to United States Armed Forces on a straight reciprocal aid basis in similar circumstances. Supplies and services furnished on the above basis are excepted from the arrangements outlined below.

3. It has been agreed that accounts will be rendered in due course for supplies and services (other than any furnished on a straight lend-lease or reciprocal aid basis) furnished by the United States and United Kingdom Armed Forces to each other during the period from September 2, 1945 to December 31, 1945, inclusive, and that such accounts will be settled under the offsetting arrangement referred to in section E of this Agreement. Any such supplies and services furnished after December 31, 1945 (other than any furnished on a straight lend-lease or reciprocal aid basis or covered under section B of this Agreement) will be for cash settlement between the two Governments. Petroleum products designated for withdrawal by either Government from its share of stocks held by the other Government under the Agreement relating to Petroleum concluded this day (No. VI) are not covered by this paragraph.

B. LEND-LEASE

1. The lend-lease pipeline consists of such of the following articles as the Government of the United Kingdom selected for transfer to it after September 1, 1945 as evidenced by a designation duly made by representatives of the Government of the United Kingdom, together with the services specified below:

(a) Articles and services covered by United Kingdom requisitions filed with the Foreign Economic Administration or its successor (other than articles under procurement through the United States Department of Agriculture covered by subparagraph (b) hereof) which were under contract, or were completed, but had not been transferred on September 2, 1945.

(b) Foodstuffs, services and other materials under procurement through the United States Department of Agriculture to the extent of

(i) all firm allocations, emergency allocations, and tentative fourth quarter 1945 allocations in effect as of August 18, 1945, for United Kingdom programs;

(ii) the shares which, after August 18, 1945, were apportioned to the United Kingdom programs out of the quantities for which the Foreign Economic Administration had theretofore incurred procurement obligations but had not made sub-allocations to claimants; and

(iii) the quantities under United Kingdom requisitions, determined to have been active as of August 18, 1945, for commodities not controlled by United States allocation.

(c) (i) Naval supplies available in inventory or under contract which, as of September 2, 1945, were covered by formal United Kingdom requisitions or earmarked against approved requirements placed directly with the United States Navy Department.

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(ii) Military supplies available in United States War Department inventories which, as of September 2, 1945, were covered by formal requisitions or earmarked against approved requirements placed directly with the War Department.

(iii) Military and naval maintenance spares issued against requisitions placed during the period from September 2, 1945 to December 31, 1945, inclusive, with the United States War or Navy Department by the Government of the United Kingdom under standing United States Government directives (other than spares issued under section A, paragraph 2 of this Agreement).

(d) Inland transportation, storage, handling and services incidental thereto, furnished in the United States during the period from September 2, 1945 to December 31, 1945, inclusive, with respect to certain materials under the control of the Government of the United Kingdom, to the extent such services were originally requisitioned by that Government prior to September 2, 1945, as modified by later requisition.

(e) Transportation provided out of lend-lease funds for United Kingdom personnel or cargo on United States flag civilian airlines during the period from September 2, 1945 to December 31, 1945, inclusive.

(f) Shipping services and supplies described in part I of the Annex to this Agreement.

(g) Petroleum products in accordance with the Agreement relating to Petroleum concluded this day (No. VI).

2. (a) The Government of the United States agrees to complete as early as possible the transfer of articles in the lend-lease pipeline (both civilian and military), in the quantities and according to the specifications and other conditions, except as to time of delivery, set forth in the requisitions or comparable documents submitted by the Government of the United Kingdom, to the extent that such articles are or will be available to the Government of the United States for transfer to the Government of the United Kingdom and subject to the conditions set forth in this Agreement. The Government of the United States may, however, in exceptional cases, decline to complete the transfer of articles in the lend-lease pipeline, when it determines that such transfer would be contrary to its national interests. The Government of the United Kingdom agrees to accept the transfer of articles in the lend-lease pipeline (both civilian and military) and to settle for such articles under the offsetting arrangement. The Government of the United Kingdom may, however, in exceptional cases, decline to accept articles which it has designated for transfer, but agrees in that event to settle under the offsetting arrangement for the costs (including costs of contract cancellations) incurred by the Government of the United States in connection with such articles, less the value of such articles to the Government of the United States or the proceeds realized from their disposal.

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(b) Unless otherwise provided by mutual agreement, transfer of articles in the lend-lease pipeline shall be deemed to have taken place immediately upon loading of the articles on board ocean vessel in a United States port, or on board aircraft preparatory to flight from the United States, and title to such articles shall pass at the time of such loading; provided that risk of loss not recoverable from the supplier, carrier or other third party shall be assumed by the Government of the United Kingdom.

(i) with respect to articles specifically contracted for under United Kingdom requisitions, upon shipment from the factory or other premises of the supplier;

(ii) with respect to articles covered by paragraph 1 (b) of this section, upon delivery f. a. s.; and

(iii) with respect to all other articles, upon shipment from warehouse or United States Government depot.

Any articles that shall not have been transferred as provided in this paragraph prior to midnight on December 31, 1946 or 6 months after receipt by the Government of the United Kingdom of notice of availability, whichever is later, shall be deemed to have been transferred as of such later date.

3. The amount which the Government of the United Kingdom agrees to pay by means of the offsetting arrangement for articles and services in the lend-lease pipeline (other than (a) shipping services and supplies, which for this purpose will be dealt with in accordance with part I of the Annex to this Agreement, and (b) petroleum products, which for this purpose will be dealt with in accordance with the Agreement relating to Petroleum concluded this day (No. VI)) will be the amount determined by the Government of the United States as the cost to it of such articles and services. The general basis of costing by the Government of the United States has been the subject of full consultation with the appropriate United Kingdom authorities.

C. RECIPROCAL AID

1. (a) Certain supplies and services of types which before VJ-day were made available to the Government of the United States under reciprocal aid have continued to be furnished without current payment, and settlement for such supplies and services furnished during the period from September 2, 1945 to December 31, 1945, inclusive, (other than any furnished on a straight reciprocal aid basis under section A, paragraph 2 of this Agreement) will be made under the offsetting arrangement. Any services rendered or supplies made available after midnight on December 31, 1945 (other than any furnished on a straight reciprocal aid basis under section A paragraph 2 of this Agreement) will be for cash settlement.

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(b) In the case of bulk commodities for import into the United States on a "Government-to-Government" basis the offsetting arrangement will apply to all such commodities of types which before VJ-day were made available to the Government of the United States on reciprocal aid, entered on ocean bill of lading during the period from September 2, 1945 to December 31, 1945, inclusive. All commodities entered on ocean bill of lading after the latter date will be for cash settlement. Transfer to the Government of the United States shall be deemed to have taken place immediately upon loading of the articles on board ocean vessel. Title and risk of loss with respect to such articles shall pass at the time of such loading.

(c) In the case of bulk commodities for import into the United States for which the Government of the United States itself makes payment in the first instance, the offsetting arrangement will not apply, and the Government of the United Kingdom will not reimburse the Government of the United States for any such commodities entered on ocean bill of lading after midnight on September 1, 1945. The Government of the United Kingdom will reimburse the Government of the United States in cash for commodities covered by approved requisitions for reimbursement under reciprocal aid entered on ocean bill of lading prior to midnight on September 1, 1945 in accordance with the practice previously followed.

2. The amount which the Government of the United States agrees to pay by means of the offsetting arrangement for articles and services in the reciprocal aid pipeline (other than (a) shipping services and supplies, which for this purpose will be dealt with in accordance with Part II of the Annex to this Agreement, and (b) petroleum products, which for this purpose will be dealt with in accordance with the Agreement relating to Petroleum concluded this day (No. VI)) will be the amount determined by the Government of the United Kingdom as the cost to it of such articles and services. The general basis of costing by the Government of the United Kingdom has been the subject of full consultation with the appropriate United States authorities.

D. TORT CLAIMS

The amounts paid by the Governments of the United States and of the United Kingdom in settlement of certain claims described in the Agreement relating to Tort Claims concluded this day (No. IX) shall be included in the offsetting arrangement.

E. OFFSETTING ARRANGEMENT

The Joint Statement of December 6, 1945, contemplated that the total amounts due for certain supplies and services furnished after September 1, 1945 through lend-lease and reciprocal aid channels to the Governments of

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the United Kingdom and of the United States respectively, would be offset in order finally to compute the net sum due from the Government of the United Kingdom to the Government of the United States in accordance with paragraph 3 of the Joint Statement. The sum of $118,000,000 appearing in paragraph 3 (a) of the Joint Statement represented the best estimate then obtainable of the net amount which would be due to the Government of the United States under paragraph 3 (a), after deducting the net sum due to the Government of the United Kingdom under the claims settlement. The net sum due to the Government of the United Kingdom under the Agreement on Settlement of Intergovernmental Claims concluded this day (No. II) has been finally computed at $53,020,000.

The supplies and services to be brought into this offsetting arrangement are those so specified in this Agreement. The total amounts due for such supplies and services will be computed in accordance with the principles set forth in this Agreement.

An agreed accounting procedure shall be established for the computation of the net sum due under this offsetting arrangement.

Annex

SHIPPING SERVICES AND SUPPLIES

PART I

There shall be brought within the lend-lease pipeline for inclusion in the offsetting arrangement:

(1) Ocean transportation charges at established rates, on United States controlled vessels berthing during the period from November 1, 1945 to November 30, 1945, inclusive, in respect of personnel and wet or dry cargo, according to lend-lease practices which prevailed before August 18, 1945, including, *inter alia*, supplies procured by or transferred to the Government of the United Kingdom or to a Government in the British Commonwealth (other than the Governments of Australia and of India) as follows:

(a) pipeline supplies;

(b) supplies procured under "Q" (90,000 series) cash reimbursement requisitions; and

(c) supplies purchased for cash by the above Governments in the open market.

(2) Ocean transportation charges at established rates on United States controlled vessels berthing during the period from December 1, 1945 to December 31, 1945, inclusive, for the same personnel and wet or dry cargo as are covered in paragraph (1) hereof but excluding material purchased under "Q" series cash reimbursement requisitions, or for cash in the open market in the United States.

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(3) Hire, at rates to be agreed upon between the two Governments, of United States controlled vessels allocated to the Government of the United Kingdom in respect of the period from November 1, 1945 to December 31, 1945, inclusive, to include:

(a) United States controlled vessels allocated to Sea Transport service;

(b) United States controlled vessels allocated to New Zealand coastwise and forward area service, to the extent that the cost does not come within paragraphs (1) and (2) hereof; and

(c) United States controlled assistance tankers to the extent that the cost does not come within paragraphs (1) and (2) hereof.

Nothing in the foregoing shall be taken to apply to the vessels demised to the Government of the United Kingdom which are the subject of the United States War Shipping Administrator's letter of November 24, 1944 to the United Kingdom Minister of War Transport (with the accompanying Memorandum of Agreement) and subsequent correspondence.

(4) The cost of services and supplies covered under requisitions directed to the United States War Shipping Administration for all British controlled merchant vessels berthing at United States ports during the period from October 2, 1945 to October 31, 1945, inclusive, (subject to an agreed abatement of 4.5% in the case of dry cargo vessels to cover non-Government owned or sponsored cargoes). The cost of services and supplies provided to the S. S. *Queen Mary* at United States ports during the period from October 2, 1945 to December 31, 1945, inclusive, shall be included in the offsetting arrangement.

(5) Costs incurred by War Forwarding Corporation in the Port of New York and United States War Shipping Administration forwarders in other United States ports in connection with the handling of shipments covered by subparagraphs (a) and (b) of paragraph (1) hereof, called forward by them during the period from November 1, 1945 to November 30, 1945, inclusive.

(6) Net payments within the scope of the "Knock-for-Knock" Agreement and supplementary understandings, in respect of casualties occurring during November and December, 1945.

PART II

There shall be brought within the reciprocal aid pipeline for inclusion in the offsetting arrangement:

(1) Freights and passage money at established rates, on United Kingdom controlled vessels for United States Army personnel or cargoes in respect of vessels sailing during the period from September 2, 1945 to December 31, 1945, inclusive.

(2) The proportion of the operating cost of United Kingdom controlled vessels applicable to the period from September 2, 1945 to December 31,

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1945, inclusive, in respect of vessels in continuous service of the United States Army on a full use basis.

(3) The cost of services and supplies (including, *inter alia*, repairs and oil bunkers) provided to the United States War Shipping Administration and United States Army controlled vessels, berthing during the period from September 2, 1945 to December 31, 1945, inclusive, in areas in which the Government of the United Kingdom formerly gave reciprocal aid; however, in the case of (a) services or supplies to vessels operating coastwise in a single country within an area in which the Government of the United Kingdom formerly gave reciprocal aid, or (b) issues of United Kingdom Ministry of War Transport stores to United States Armed Forces, the date of the provision or issue and not the date of berthing will be the operative date. In the case of services and supplies provided to United States War Shipping Administration controlled vessels the provisions of this paragraph shall apply without distinction as between supplies or services formerly eligible or ineligible for reciprocal aid.

II

Agreement on Settlement of Intergovernmental Claims

1. During the course of the negotiations leading to the JOINT STATEMENT REGARDING SETTLEMENT FOR LEND-LEASE, RECIPROCAL AID, SURPLUS WAR PROPERTY AND CLAIMS, dated December 6, 1945, representatives of the Governments of the United States and of the United Kingdom discussed certain claims arising out of the conduct of World War II and presented by one Government to the other. The objective was to arrive at as comprehensive a settlement as possible and to obviate protracted negotiations between the two Governments.

2. The following were accepted by the Governments of the United States and of the United Kingdom respectively for inclusion in the offsetting arrangement, described in section E of the Agreement on Lend-Lease and Reciprocal Aid Pipelines and Offsetting Arrangement concluded this day (No. I), in accordance with paragraph 3 (a) of the Joint Statement of December 6, 1945, in the amounts indicated below:

(a) *Claims by the Government of the United States accepted by the Government of the United Kingdom.*

	In millions of dollars
(i) Assignment to certain British Colonial Dependencies, ineligible for lend-lease at the time, of 796 trucks and certain spares	2.0
(ii) Re-export of 10,000 tons of lend-lease steel to France	0.7
(iii) Transportation costs for petroleum products in the Sudan (net figure)	0.12
(iv) Rental of lend-lease rolling stock for use to September 2, 1945, by Middle East railways	2.0

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	In millions of dollars
(v) Retransfers and diversions of lend-lease tinplate, terneplate and drumsheets in the Middle East, Iran, and East and West Africa	6.0
(vi) Agreed provision to cover claims not otherwise settled arising out of instances of retransfers or diversions of lend-lease articles occurring during the period from March 11, 1941 to September 1, 1945, inclusive, or out of exports during that period, in respect of which the Government of the United States would have been entitled to reimbursement	4.0
(vii) The United Kingdom motor spirit basic ration for civilians	2.8
(viii) Commercial exports of petroleum products from the United Kingdom to Eire, France, West Africa and Sweden	5.1
(ix) Diversions of lend-lease petroleum and petroleum materials to oil companies in the Middle East	1.0

(b) *Claims by the Government of the United Kingdom accepted by the Government of the United States.*

	In millions of dollars
(i) Purchase price of capital facilities in the United States acquired by the Government of the United Kingdom prior to the entry of the United States into World War II and repurchased by the Government of the United States in accordance with existing agreements	32.0
(ii) Freight, insurance and handling charges on South American meat transferred to the U. S. S. R. on United States Government account	1.45
(iii) United States Government share of cost of joint preemption of Siamese rubber	0.8
(iv) United States Government re-export of reciprocal aid goods	7.0
(v) Spare parts for aircraft purchased for dollars by the Government of the United Kingdom and transferred to the Government of the United States in 1941	7.6
(vi) Dollar expenditure eligible for lend-lease incurred in respect of Dutch ships chartered by the Government of the United Kingdom and allocated to the Government of the United States	15.0
(vii) United States Government share of Middle East Supply Center administrative expenses	0.5
(viii) Reduction in price in respect of renegotiation of contracts under cash reimbursement requisitions	0.29
(ix) British trucks sold by the United States Army in Iran	2.0
(x) Dollar cost of assembly, disassembly and repair of USAAF aircraft at Speke, England	1.6
(xi) Balance due in respect of excess over agreed share of United Kingdom Government supplies to Saudi Arabia joint supply program for the years 1944 and 1945	1.8
(xii) Sales to civilians and diversions of reciprocal aid petroleum products in—	
	Million
Dakar	1.0
Brazil	1.3
North Africa	4.4
	6.7

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3. The following claims were presented and considered by the two Governments:

(a) *Presented by the Government of the United States.*

	In millions of dollars
Suez Canal dues paid by United States vessels	13.0

(b) *Presented by the Government of the United Kingdom.*

(i) Claims for aircraft purchased for dollars by the Government of the United Kingdom in the United States and subsequently transferred to the Government of the United States for its own use and for transfer to the U. S. S. R.	252.8
(ii) Freight payable to the Iranian Railways in respect of goods supplied by the Government of the United States under lend-lease to the U. S. S. R.	25.0

While agreement for the acceptance of these claims was not reached, it has been agreed that they shall be regarded as taken into account in the general settlement contained in the Joint Statement of December 6, 1945 and that they are covered by paragraph 6 hereof.

4. Financial claims between the two Governments, other than claims dealt with in the Agreements concluded this day, arising out of existing arrangements where the liability for payment is acknowledged and the method of computation is mutually agreed are not covered by this settlement as they will be settled in accordance with such arrangements.

5. The following types of financial claims between the two Governments are also not covered by this settlement and will be dealt with in accordance with procedures already established or to be established after appropriate discussion:

(a) Claims arising out of military relief expenditure.

(b) Claims arising in connection with the loss of currency notes and with the provision of military currencies.

(c) Claims arising out of the administration of occupied enemy territories.

(d) Claims between the U. S. Commercial Company and United Kingdom Commercial Corporation.

(e) Claims arising out of the operation of the Agreement between the Governments of the United States and of the United Kingdom relating to the Interchange of Patent Rights, Information, Inventions, Designs, or Processes, dated August 24, 1942.

6. The two Governments hereby agree that all financial claims whatsoever of one Government against the other which (a) arose out of lend-lease or reciprocal aid, or (b) otherwise arose on or after September 3, 1939 and prior to September 2, 1945 out of or incidental to the conduct of World War II, and which are not otherwise dealt with in the Agreements concluded this day, are hereby waived, and neither Government will hereafter raise or pursue any such claims against the other.

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III

Agreement Relating to Civilian Holdings

In accordance with their JOINT STATEMENT REGARDING SETTLEMENT FOR LEND-LEASE, RECIPROCAL AID, SURPLUS WAR PROPERTY AND CLAIMS, dated December 6, 1945, and in partial consideration of the payment of the net amount of $532,000,000 by the Government of the United Kingdom to the Government of the United States specified in paragraph 3 (b) thereof, the Governments of the United States and of the United Kingdom have reached agreement as set forth below regarding the disposition of holdings of such articles of lend-lease and reciprocal aid origin as are defined below.

1. The Government of the United Kingdom hereby acquires and shall be deemed to have acquired on September 2, 1945, without qualification as to disposition or use, full title to all articles (including raw materials, foodstuffs and other agricultural products, durable goods, and vessels of 100 gross tons or under not procured or constructed out of funds appropriated to the United States Navy Department or the United States Maritime Commission) supplied on straight lend-lease by the Government of the United States to the Government of the United Kingdom or to the Government of any British Colonial Dependency, and in possession or control of such Government, its agents or distributees at midnight on September 1, 1945, excluding any such articles, other than raw materials, in the possession or control of the United Kingdom Armed Forces or of their supply agents acting on their behalf, and excluding any such articles which have been returned to the Government of the United States since September 1, 1945.

2. The Government of the United States hereby acquires and shall be deemed to have acquired on September 2, 1945, without qualification as to disposition or use, full title to all articles (including raw materials, foodstuffs, and other agricultural products, durable goods, and vessels of 100 gross tons or under furnished under reciprocal aid) supplied on straight reciprocal aid by the Government of the United Kingdom and in the possession or control of the Government of the United States, its agents or distributees at midnight on September 1, 1945, excluding any such articles other than raw materials in the possession or control of the United States Armed Forces or of their supply agents acting on their behalf, and excluding articles which have been returned to the Government of the United Kingdom since September 1, 1945.

3. The Government of the United Kingdom, when it disposes of or distributes articles acquired pursuant to paragraph 1 of this Agreement, will use its best endeavors to avoid discrimination against the legitimate interests of the United States manufacturers or producers of such articles, or their agents or distributors in the United Kingdom

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4. In addition to the exclusions described in paragraphs 1 and 2 above, this Agreement shall not apply to the following:

(a) Petroleum products made available under lend-lease or under reciprocal aid, the transfer of which is governed by the arrangements set out in the Agreement relating to Petroleum concluded this day (No. VI).

(b) Vessels other than those referred to in the preceding paragraphs made available under lend-lease or under reciprocal aid. Such vessels are subject to return to the supplying Government.

(c) Such aircraft, and spares therefor, as are covered by the Agreement on Lend-Lease Aircraft (Non-Combat) and Spares concluded this day (No. V).

5. In this Agreement, the term "vessels" includes ships, boats, barges, floating drydocks and other watercraft.

6. Nothing in this Agreement or any of the other Agreements concluded this day affects any obligation entered into by the Government of the United Kingdom in connection with any silver transferred by the Government of the United States under lend-lease.

IV

Agreement Relating to Military Holdings

In accordance with their JOINT STATEMENT REGARDING SETTLEMENT FOR LEND-LEASE, RECIPROCAL AID, SURPLUS WAR PROPERTY AND CLAIMS, dated December 6, 1945, and with the principles of international security and welfare set forth in the Charter of the United Nations, the Governments of the United States and of the United Kingdom agree that, effective September 2, 1945, the disposition and use of lend-lease articles which were (a) in the possession or control on September 2, 1945 of the United Kingdom Armed Forces (including their supply agents) or (b) transferred to them thereafter on straight lend-lease terms (both hereinafter referred to as "lend-lease articles"), and of reciprocal aid articles which were (a) in the possession or control on September 2, 1945 of the United States Armed Forces (including their supply agents) or (b) transferred to them thereafter on straight reciprocal aid terms (both hereinafter referred to as "reciprocal aid articles") shall be governed by the following principles.

1. Under Article V of the Mutual Aid Agreement of February 23, 1942 between the Governments of the United States and of the United Kingdom, the Government of the United States has the right to recover at the end of the present emergency as determined by the President, such defense articles transferred under that Agreement as have not been destroyed, lost or consumed, and as shall be determined by the President to be useful in the defense of the United States or of the Western Hemisphere, or to be otherwise of use to the United States of America. It is agreed that this right of recapture may be exercised at any time after September 1, 1945 with respect

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to lend-lease articles which, as of the date upon which notice requesting return is communicated to the Government of the United Kingdom, are not destroyed, lost, consumed or disposed of in accordance with this Agreement.

2. The Government of the United States reserves its right of recapture of any lend-lease articles held by the United Kingdom Armed Forces, but does not intend to exercise generally this right of recapture. In respect of cases where it wishes from time to time to exercise its right of recapture, the Government of the United States will give reasonable notice of its intention and will provide full opportunity to the Government of the United Kingdom for discussion of that Government's need for the articles in question, without limiting the right of recapture referred to in paragraph 1 hereof. The Government of the United Kingdom will make the arrangements for effecting the physical return to the custody of the Government of the United States, at such points as the latter may designate, of the lend-lease articles to be recaptured, and will use its best endeavors to see that all reasonable care is exercised in order to prevent loss of or damage to such articles during the process of return. The Government of the United States will, however, take into consideration the practical difficulties in particular cases, especially as to designation of points of delivery, and will cooperate with the Government of the United Kingdom, as fully as the available United States organization and equipment permit, in facilitating and expediting the return of articles to be recaptured. In general, the Government of the United States will not require the Government of the United Kingdom to undertake any major reconditioning or repair of such articles.

3. Similar principles will be applied by both Governments in regard to the recapture of reciprocal aid articles.

4. Full responsibility in connection with any lend-lease and reciprocal aid articles not recaptured or accepted for return by the supplying Government shall lodge with the recipient Government. The supplying Government may decline to accept any lend-lease or reciprocal aid articles which may be offered for return. The recipient Government shall not be required to notify the supplying Government before disposing of or abandoning any lend-lease or reciprocal aid articles which become surplus to the military requirements of the recipient Government. Nothing in this paragraph shall, however, be construed as overriding the provisions of paragraphs 6, 7, and 8 hereof.

5. Except as provided in the following paragraphs hereof, the recipient Government will not be required to purchase from the supplying Government, or to enter into any mutual financial arrangements regarding, any lend-lease or reciprocal aid articles.

6. Transfer by the recipient Government of lend-lease or reciprocal aid articles may be made to third governments (including Dominion Governments) for military use, whether by sale, loan or otherwise, only with the prior authority of the supplying Government and on terms to be agreed between the supplying Government and the third government in question,

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it being understood that such transfer will in all cases be made for purposes compatible with the principles of international security and welfare set forth in the Charter of the United Nations. Contingent forces serving under United Kingdom command may, subject to the prior authority of the Government of the United States, withdraw lend-lease articles from United Kingdom military holdings upon their assuming a status independent of the United Kingdom Armed Forces. The terms of settlement for such articles shall be agreed between the Government of the United States and the government making the withdrawal.

7. Lend-lease articles may be disposed of for civilian use, whether by sale, lease or otherwise, outside the United Kingdom and British Colonial Dependencies only after the Government of the United States has been offered and has declined their return and has approved such disposal of the articles. Any disposals in this category shall be for the account of the Government of the United States and the proceeds of any such disposal, net of selling and other relevant and necessary expenses, shall accrue to the Government of the United States in the currency in which payment was made to the Government of the United Kingdom. Net proceeds in respect of the period from September 2, 1945 onwards under leases, arranged before that date, of lend-lease articles for civilian use outside the United Kingdom and British Colonial Dependencies will similarly accrue to the Government of the United States. Such payment by the Government of the United Kingdom will constitute fulfilment of obligations laid upon it by this paragraph in respect of such leases. The foregoing provisions of this paragraph shall be without prejudice to the possible conclusion at a later date of separate arrangements between the governments concerned providing for the comprehensive settlement of the rights and obligations arising from the disposal for civilian use within a given country outside the United Kingdom and British Colonial Dependencies of lend-lease articles in the possession or control of the United Kingdom Armed Forces. It is understood that although the disposal of lend-lease articles within the United Kingdom and British Colonial Dependencies shall be at the full discretion of the governments concerned, these governments will not in practice be releasing such articles for export or for civilian use except to a very limited extent. In view of this understanding, the total sum due to the Government of the United States pursuant to the Joint Statement of December 6, 1945 is deemed to include an adequate compensation for the value of such goods as may be released for civilian use in the United Kingdom and British Colonial Dependencies. In the case of food, the Government of the United Kingdom anticipates that all the lend-lease foodstuffs held by the United Kingdom Armed Forces will, subject to exceptional circumstances, be consumed by those Forces; in view of this, such exceptional disposals of food as may occur outside the United Kingdom and British Colonial Dependencies are excepted from the provisions of this paragraph, although such cases will be reported to the Government of the United States.

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8. Lend-lease articles rendered unfit for military use may be disposed of for scrap outside the United Kingdom and British Colonial Dependencies without the prior authority of the Government of the United States. Accounts of any net proceeds from such disposals during an agreed six months' period shall be kept by the Government of the United Kingdom, which will remit the aggregate of such net proceeds to the Government of the United States. In the light of experience gained during such period, the Government of the United States will review with the Government of the United Kingdom this arrangement, with a view to determining whether an accounting to the Government of the United States for net proceeds from such disposals recorded prior to such period or derived thereafter need be undertaken.

9. The provisions of paragraphs 6, 7, and 8 hereof shall not apply to components (other than aircraft engines, aircraft propellors, aircraft automatic pilots, aircraft gun turrets, and power units of 3 or more kilowatts) which at the time of disposal are installed in or assembled with articles not themselves subject to this Agreement.

10. The provisions of this Agreement do not apply to the following categories of lend-lease and reciprocal aid articles:

(a) Installations (covered by the Agreement on Lend-Lease and Reciprocal Aid Installations, No. VII).

(b) Petroleum and Petroleum Products (covered by the Agreement relating to Petroleum, No. VI).

(c) Raw Materials (covered by the Agreement relating to Civilian Holdings, No. III).

(d) Such aircraft and spares therefor as are covered by the Agreement on Lend-Lease Aircraft (Non-Combat) and Spares (No. V).

(e) Vessels of the Navy procured with United States Navy appropriations; such vessels are subject to return under United States law.

(f) Ocean-going lend-lease vessels (other than vessels referred to in (e) above), which will be dealt with in accordance with the agreements relating to their transfer.

(g) Vessels exceeding 100 gross tons furnished under reciprocal aid.

(h) Articles of possible lend-lease or reciprocal aid origin which cannot be identified as to origin and which are not otherwise dealt with in these Agreements. Such unidentifiable articles shall be deemed the property of the holding Government.

11. In this Agreement the term "vessels" includes ships, boats, barges, floating dry docks and other watercraft.

12. The term "United Kingdom Armed Forces" as used herein comprises all armed forces under the direction of the United Kingdom Chiefs of Staff. All the armed forces under command of Commander-in-Chief India are to be regarded for the purposes of this Agreement as United Kingdom Armed

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Forces, and the Government of the United Kingdom assumes full responsibility in connection with the use and disposal of lend-lease articles in the possession or control of such Forces in accordance with the conditions herein laid down. On April 1, 1946, a proportion of lend-lease military holdings in India will be earmarked for the requirements of the forces under the command of Commander-in-Chief India on the basis of their postwar strength. The conditions governing the use and disposal of the lend-lease articles so earmarked will form the subject of negotiations between the Governments of the United States and of India, and the privileges of the Government of the United Kingdom and its obligations to the Government of the United States under this Agreement with respect to such articles shall remain operative until the date on which any separate arrangements between the Governments of the United States and of India relating to such articles take effect. As from such date and for purposes compatible with the principles of international security and welfare set forth in the Charter of the United Nations, lend-lease articles held by the United Kingdom Armed Forces may be transferred to the forces under the command of Commander-in-Chief India without the prior authority of the Government of the United States subject to the following understandings:

(a) Subsequent reports, in such practicable form and detail as may later be mutually agreed, regarding such transfers will be made to the Government of the United States.

(b) The Government of the United States reserves the right to reopen with the Government of the United Kingdom the question of applying the principle of prior authority over such transfers stipulated in paragraph 6 of this Agreement, should there be a material change in the existing arrangements between the United Kingdom Armed Forces and the Armed Forces of the Government of India.

V

Agreement on Lend-Lease Aircraft (Non-Combat) and Spares

In accordance with their JOINT STATEMENT REGARDING SETTLEMENT FOR LEND-LEASE, RECIPROCAL AID, SURPLUS WAR PROPERTY AND CLAIMS, dated December 6, 1945, the Governments of the United States and of the United Kingdom have reached agreement as set forth below regarding settlement for certain lend-lease aircraft and spares, of non-combat nature, furnished by the Government of the United States to the Government of the United Kingdom.

1. This Agreement covers the use and disposition of all aircraft of the models listed in the Annex hereto, together with spares for such aircraft, which were transferred by the Government of the United States to the Government of the United Kingdom under lend-lease during the period from

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March 11, 1941 to September 1, 1945, inclusive, and were not destroyed, lost or consumed at the end of that period.

2. This settlement is made in partial consideration of the payment by the Government of the United Kingdom of the net sum of $532,000,000 specified in section 3 (b) of the Joint Statement of December 6, 1945, and is final in respect of the aircraft and spares referred to in paragraph 1 hereof, except for the separate payments which may be made in the circumstances indicated in paragraphs 5, 6 and 7 hereof.

3. The Government of the United States hereby transfers to the Government of the United Kingdom full title, as of September 2, 1945, to 72 Dakota (C–47) aircraft intended for operation by British civil air lines.

4. The Government of the United States hereby transfers to the Government of the United Kingdom full title, as of September 2, 1945, to 600 Dakota (C–47) aircraft, 25 Expediter (UC–45) aircraft, and 18 Liberator (C–87) transport aircraft, subject only to the condition that, as and when they become surplus to British military requirements, they will not be transferred, by sale, loan or otherwise, to third countries (including the Dominions and India) outside the United Kingdom and British Colonial Dependencies without the consent and agreement of the Government of the United States.

5. The two Governments will enter into a leasing arrangement, the specific terms of which will be hereafter agreed, in respect of 671 Dakota (C–47) aircraft, for a total of 7,213 aircraft months beginning September 2, 1945. Such leasing arrangement shall provide that, upon its termination with respect to any particular aircraft, such aircraft will be returned subject to the provisions of paragraph 12 hereof. It shall also contain appropriate provisions governing the liability of the Government of the United Kingdom in kind or in cash (outside the provisions of section 3 (b) of the Joint Statement of December 6, 1945), for loss of or damage to any aircraft while under lease. A monthly statement shall be furnished by the Government of the United Kingdom as to the consumption of the 7,213 aircraft months and as to the number of aircraft that will be available for return at the end of the month.

6. In the event that the Government of the United Kingdom desires to extend the leasing arrangement referred to in paragraph 5 hereof, the Government of the United States will grant such extension, for which separate payment will be made by the Government of the United Kingdom in cash at the rate of $333.33 per aircraft month for any aircraft months in excess of the 7,213 aircraft months specified in paragraph 5 hereof. In the event of a national emergency the Government of the United States shall have the right to refuse such extension in respect of any or all aircraft under lease.

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7. Should the Government of the United Kingdom desire at any time to acquire, and the Government of the United States be willing to transfer, title to any of the said aircraft leased from the Government of the United States, separate payment shall be made in cash by the Government of the United Kingdom at the present United States standard surplus disposal price of $20,000 per aircraft less lease charges paid in respect of such aircraft up to the time of purchase thereof, or at the United States standard disposal price obtaining at the date of acquisition with no reduction for lease charges previously paid, whichever is the lower.

8. The Government of the United States hereby transfers to the Government of the United Kingdom full title, as of September 2, 1945, to the latter's holdings on that date of spares related to the aircraft described in paragraphs 3, 4, and 5 of this Agreement (estimated at two months' supply), subject to the same conditions regarding disposal as are applicable to the particular aircraft to which they are related.

9. The Government of the United Kingdom may continue to use for military purposes such Harvard (AT–6 and AT–16) aircraft as it has indicated it requires for such purposes, and such Liberator (B–24) aircraft as have been converted by the RAF into improvised transport aircraft, together with a proportionate range of spares behind both types. No converted Liberator (B–24) aircraft will be employed by the Government of the United Kingdom for commercial hire in the carriage of freight or passengers.

10. The Government of the United Kingdom will offer to the Government of the United States for return all the aircraft referred to in paragraph 1 hereof (other than those covered by paragraphs 3, 4 and 5 hereof) which remain on charge to all holding agencies of the Government of the United Kingdom. The Harvard Liberator aircraft referred to in paragraph 9 hereof will be offered for return on the same conditions as they become surplus to United Kingdom military requirements and, if not accepted by the Government of the United States, will be subject to the provisions of paragraph 13 hereof. Further, the Government of the United Kingdom will make every effort to return as large a quantity as possible of spares for aircraft of the models offered for return and needed by the Government of the United States.

11. Subject to the provisions of paragraphs 5 and 6 hereof, the Government of the United States reserves its full right of recapture pursuant to Article V of the Mutual Aid Agreement dated February 23, 1942 in respect of all aircraft and spares covered by this Agreement other than those to which title is acquired by the Government of the United Kingdom pursuant to paragraphs 3, 4 and 8 hereof, or is hereafter acquired by it pursuant to paragraph 7 hereof. It is agreed that this right of recapture may be exercised at any time after September 1, 1945 with respect to aircraft and spares covered by this Agreement which, as of the date upon which notice request-

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ing return is communicated to the Government of the United Kingdom, are not destroyed, lost, consumed or disposed of in accordance with this Agreement.

12. The Government of the United Kingdom will make the arrangements for effecting the physical return to the custody of the Government of the United States, at such points as the latter may designate, of any aircraft and spares to be returned or recaptured and will use its best endeavors to see that all reasonable care is exercised in order to prevent loss of or damage to such articles during the process of return. The Government of the United States will give reasonable notice of its intention to recapture, will take into consideration the practical difficulties in particular cases, especially as to designation of points of delivery, and will co-operate with the Government of the United Kingdom as fully as the available United States organization and equipment permit in facilitating and expediting the return of articles to be recaptured. With respect to aircraft other than those covered by paragraphs 5 and 6 hereof, the Government of the United Kingdom will be

Annex

MODELS OF AIRCRAFT COVERED BY THIS AGREEMENT

	U. S. designations	U. K. designations
Transport	UC-43	Traveller.
	C-45	Expediter.
	C-47	Dakota.
	C-53	
	C-54	Skymaster.
	C-59	Lodestar.
	C-60	
	UC-61	Argus.
	UC-64	Norseman.
	C-87 or RY3 or B-24 converted.	Liberator.
Advanced trainers	AT-6	Harvard.
	AT-7	Navigator.
	AT-16	Harvard.
	AT-17	Crane.
	AT-19	Reliant.
Primary trainers	PT-26	Cornell.
Liaison	L-1 or O-49	Vigilant.
	L-4	Cub.
	L-5	Sentinel.
Boats and amphibians	J4F	Widgeon.
	JRF	Goose.
	PBY	Catalina.

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required to make the above arrangements only for aircraft which, at the date of the notice of intention to recapture or of the acceptance of the offer for return, are flyable or may be made so after repairs requiring not more than 250 man-hours in the case of a Dakota (C–47) and proportionately greater or less time for larger or smaller models.

13. So long as aircraft and spares covered by this Agreement and not within paragraphs 3 to 8 hereof, inclusive, have not been the subject of (a) acceptance by the Government of the United States of an offer for return in accordance with the requirements of paragraph 10 or (b) recapture by the United States under the provisions of paragraph 11, they may be used by the Government of the United Kingdom for military purposes and, as they become surplus to such military purposes, may be disposed of for its own account as salvage or scrap, after being rendered unfit for aeronautical use, without further consultation with the Government of the United States.

VI

Agreement Relating to Petroleum

In accordance with their JOINT STATEMENT REGARDING SETTLEMENT FOR LEND-LEASE, RECIPROCAL AID, SURPLUS WAR PROPERTY AND CLAIMS, dated December 6, 1945, the Governments of the United States and of the United Kingdom hereby agree that the various questions relating to petroleum arising between the two Governments out of the conduct of World War II shall be dealt with as follows:

A. PETROLEUM "PIPELINE"

1. The lend-lease petroleum "pipeline" intended for the United Kingdom consists of supplies contracted for but not transferred before September 2, 1945 which the Government of the United Kingdom designated for transfer after that date under lend-lease procedure. The Government of the United States agrees to complete the transfer of the petroleum products in the pipeline and the Government of the United Kingdom agrees to accept the transfer of such products. The total agreed value of the lend-lease petroleum pipeline, which amounts to $275,440, will be brought into the offsetting arrangement described in section E of the Agreement on Lend-Lease and Reciprocal Aid Pipelines and Offsetting Arrangement concluded this day (No. I).

2. The reciprocal aid petroleum "pipeline" is deemed to consist of

(a) deliveries of fuel oil in the amount of $5,158,927 made to the United States Navy during the period from September 2, 1945 to December 31, 1945, inclusive, under contracts with non-American companies in Curacao, Trinidad and Abadan; and

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(b) deliveries up to a maximum value of $400,000 of petroleum products, other than aviation gasoline and lubricants, made or to be made during the period from September 2, 1945 to June 30, 1946, inclusive, to the United States Armed Forces in the Middle East.

These items will be brought into the offsetting arrangement.

B. CLAIMS BROUGHT WITHIN THE AGREEMENT ON SETTLEMENT OF INTERGOVERNMENTAL CLAIMS

The following claims, arising out of petroleum transactions, in the net amount of $2,200,000 in favor of the Government of the United States are included in the Agreement on Settlement of Intergovernmental Claims concluded this day (No. II) for settlement in accordance therewith.

1. *Claims by the Government of the United States accepted by the Government of the United Kingdom.*

(a) *United Kingdom Motor Spirit Basic Ration.*—In conformity with previously made arrangements, the Government of the United Kingdom accepts the claim of the Government of the United States in the amount of $2,800,000 for the landed cost of such additional motor spirit as was consumed in the United Kingdom during the period from June 1,1945 to September 1, 1945, inclusive, by private cars for private use by reason of the restoration of the basic ration.

(b) *Commercial Exports of Petroleum Products from the United Kingdom.*—In conformity with previously made arrangements regarding commercial exports of petroleum products from the United Kingdom, the Government of the United Kingdom accepts the claim of the Government of the United States in the amount of $5,100,000 for the landed cost in the United Kingdom of such products exported to Eire, West Africa, Sweden and France during the period from March 11, 1941 to September 1, 1945, inclusive.

(c) *Diversions of Lend-Lease Petroleum and Petroleum Materials in the Middle East.*—The sum of $1,000,000 shall be taken as the amount due to the Government of the United States from the Government of the United Kingdom in respect of diversions to oil companies in the Middle East of lend-lease petroleum products and petroleum materials for which the Government of the United States was entitled to reimbursement.

2. *Claims by the Government of the United Kingdom accepted by the Government of the United States.*

(a) *Brazil and Dakar.*—The Government of the United States accepts the claim of the Government of the United Kingdom in the amount of $2,300,000 for a proportionate share, based on contributions, of the proceeds from those sales of petroleum products to third parties in Brazil and Dakar in which there was a reciprocal aid content.

(b) *North Africa.*—The Government of the United States accepts the claim of the Government of the United Kingdom in the amount of $4,400,-

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000 for a proportionate share, based on contributions, of the proceeds from sales of petroleum products for civilian use in North Africa during the period from December 1, 1944 to September 1, 1945, inclusive.

C. TRANSACTIONS TO BE CARRIED TO COMPLETION

1. *Crude Oil for Programs of the Combined Training Establishment in Canada.*—The Government of the United States will complete the delivery of crude oil in Canada, in accordance with standing agreements and United Kingdom requisitions previously approved thereunder, to carry out its commitment to the Government of the Untied Kingdom in connection with aviation petroleum products consumed prior to September 2, 1945 under the programs of the Combined Training Establishment in Canada.

2. *Aviation Gasoline at Bahrein.*—The Government of the United Kingdom reaffirms the dollar-sterling conversion and petroleum supply arrangements made between it and the Government of the United States during the war with respect to aviation gasoline supply and reciprocal aid at Bahrein and will carry such arrangements to completion.

3. *Other Transactions.*—Certain other transactions described in Annex I, in which the liability for payment has heretofore been acknowledged and the method of computation is not in dispute, will be carried to completion in due course as provided in Annex I.

D. CIVIL AFFAIRS SUPPLIES

1. *Northwest Europe.*—Contributions of petroleum products to Northwest Europe drawn from the United Kingdom pool will be treated as falling in the unidentifiable category as set forth in the agreements already reached by the Governments of the United Kingdom and of the United States regarding the lend-lease element in civil affairs supplies, subject to the proviso that, in the case of petroleum products as distinguished from other unidentifiable civil affairs supplies, the provisions of these agreements dealing with the determination of contributions shall be applied over the period from March 11, 1941 to September 1, 1945, inclusive, in order to be consistent with the method used for the determination of the lend-lease share of the United Kingdom petroleum inventory and other arrangements between the two Governments in respect of petroleum products.

2. *South Europe.*—The Government of the United Kingdom waives any claim to have contributed a share of the petroleum products sold for civilian use by Allied Forces Headquarters in South European countries.

E. WAIVER OF OTHER CLAIMS

The provisions of the Agreement on Settlement of Intergovernmental Claims concluded this day (No. II) shall apply to claims arising out of petroleum transactions, and in addition all claims not otherwise dealt with in this Agreement or in Annex I hereto, arising out of the sale, diversion or retransfer, in Gibraltar, Malta, China, the Philippines and elsewhere,

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of petroleum products or petroleum materials supplied under lend-lease or reciprocal aid are hereby mutually waived, whether or not covered by paragraph 4 of the Agreement on Settlement of Intergovernmental Claims.

F. INVENTORIES

1. *United Kingdom Inventories.*—For the purposes of this Agreement, the total petroleum inventories in the United Kingdom as of September 2, 1945 shall be deemed to include petroleum stocks in the United Kingdom on that date, stocks then in transit to the United Kingdom, and stocks then within the possession of the British Armed Forces in Northwest Europe. These stocks have been divided into the United Kingdom share, attributable to contributions to such stocks by the Government of the United Kingdom, and the United States lend-lease share, attributable to contributions of the Government of the United States to such stocks under lend-lease. Such United States lend-lease share is equivalent to the sum of (a) the quantities earmarked under previous arrangements as the United States military share, and (b) other United States lend-lease stocks.

The agreed amount of the United States lend-lease share is shown in Annex II.

2. *Other Inventories.*—(a) An agreed statement of inventories of petroleum products attributable to lend-lease within the possession of the Government of the United Kingdom as of September 2, 1945 (exclusive of inventories in the United Kingdom and in the Mediterranean pool) and of inventories of petroleum products attributable to reciprocal aid within the possession of the Government of the United States as of that date is given in Annex III.

(b) An agreed statement of stocks constituting part of the Mediterranean pool which were transferred as of September 2, 1945 for use by the British Armed Forces pursuant to directive of the United States Joint Chiefs of Staff is given in Annex IV.

(c) An agreed statement is given in Annex V showing the petroleum products in Italy physically under British control as of September 2, 1945 but available for use by the United States Armed Forces or for issue to other parties at the discretion of the Government of the United States; representing the difference between (i) the total stocks held in British controlled tankage in Italy as of September 2, 1945 and (ii) the stocks which were transferred in Italy for use by the British Armed Forces pursuant to directive of the United States Joint Chiefs of Staff as shown in Annex IV.

G. WITHDRAWALS BY THE GOVERNMENT OF THE UNITED STATES AGAINST ITS SHARE OF INVENTORIES WITHIN THE POSSESSION OF THE GOVERNMENT OF THE UNITED KINGDOM

1. *Withdrawals from United Kingdom Inventories.*—The Government of the United States has notified the Government of the United Kingdom of the quantities of petroleum products as set out in Annex VI, which it estimates

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that the United States Armed Forces will wish to withdraw against the United States share of the United Kingdom stocks either for use in the United Kingdom or for shipment elsewhere for military purposes. With respect to the latter, it shall be at the option of the Government of the United Kingdom, after consultation with the United States military authorities, to substitute direct deliveries from other areas, in which case appropriate adjustment will be made for any differences in freight costs. While the Government of the United States has the right to withdraw the designated quantities at any time and the Government of the United Kingdom will use its best endeavors to make prompt delivery of the quantities notified as required by the United States Armed Forces, in case of stringency as regards supplies or tankers the Government of the United Kingdom may postpone deliveries by arrangement with the United States military authorities.

2. *Withdrawals from other Inventories.*—The Government of the United States has notified the Government of the United Kingdom of the quantities of aviation gasoline which it wishes to withdraw in India, Ceylon and the Middle East, and of the quantities of aviation lubricants which it wishes to withdraw in Ceylon and the Middle East, against its share of stocks of these products in the areas mentioned attributable to contributions of the Government of the United States to such stocks under lend-lease. These quantities are set out in Annex VII. The Government of the United States has the right to withdraw such quantities at any time.

H. WITHDRAWALS BY THE GOVERNMENT OF THE UNITED KINGDOM AGAINST ITS SHARE OF INVENTORIES IN THE PACIFIC

The Government of the United Kingdom has notified the Government of the United States of the quantities of petroleum products, as set out in Annex VIII, which it wishes to withdraw from stocks in the Pacific against its reciprocal aid share of such stocks. The Government of the United Kingdom has the right to withdraw such quantities at any time.

I. TITLE TO INVENTORIES AND TO PETROLEUM PRODUCTS DESIGNATED FOR WITHDRAWAL

Insofar as either the Government of the United States or the Government of the United Kingdom does not already hold title to petroleum inventories or to petroleum products designated for withdrawal:

(1) The Government of the United States hereby acquires and shall be deemed to have acquired on September 2, 1945, full title (a) to all petroleum products designated for withdrawal by the Government of the United States pursuant to section G hereof, and (b) to all petroleum inventories located outside the United Kingdom which were within the possession of

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the Government of the United States as of September 2, 1945, or were subsequently transferred to it under United Kingdom Government directive, except for the quantities designated for withdrawal after September 1, 1945, by the Government of the United Kingdom pursuant to section H hereof.

(2) The Government of the United Kingdom hereby acquires and shall be deemed to have acquired on September 2, 1945, full title (a) to all petroleum products designated for withdrawal by the Government of the United Kingdom pursuant to section H hereof, and (b) to all petroleum inventories in its possession as of September 2, 1945 or subsequently transferred to it under United States Joint Chiefs of Staff directive, except for quantities designated for withdrawal by the Government of the United States after September 1, 1945, pursuant to section G hereof.

A summary of petroleum inventories and of petroleum products designated for withdrawal, title to which is deemed to pass in accordance with this section, is given in Annex IX.

J. FINANCIAL SETTLEMENT FOR INVENTORIES, WITHDRAWALS AND TRANSFERS

1. *Settlement for Inventories and Transfers of Stocks.* Title to petroleum products acquired by the Governments of the United States and of the United Kingdom under the terms of section I of this Agreement which had been furnished under lend-lease and reciprocal aid prior to September 2, 1945, shall be deemed to have been transferred in consideration of mutual transfers of the title to such products and in partial consideration of the payment of the net amount of $532,000,000 by the Government of the United Kingdom to the Government of the United States specified in paragraph 3 (b) of the Joint Statement of December 6, 1945.

2. *Settlement for Withdrawals.*—No financial payment for withdrawals under the provisions of sections G and H hereof shall be required; provided, however, that as of the date when either Government declares that it has made its last withdrawal, settlement for any differences between actual withdrawals and the quantities designated for withdrawal by either Government against its share of stocks within the possession of the other Government as of September 2, 1945, and for appropriate handling and packaging charges on quantities delivered after September 1, 1945 to the United States Armed Forces in the United Kingdom (but not on direct deliveries from source in bulk to the United States Armed Forces in areas other than the United Kingdom, on which no such charges will accrue) or in the other areas mentioned in section G paragraph 2 hereof, shall be made by payment, at appropriate prices to be agreed at the date of settlement, in cash or in kind by adjustment of quantities, as may be mutually convenient, in which case title to any such differences shall pass to the retaining Government upon such payment or adjustment.

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3. *Settlement for Other Deliveries.*—All deliveries after September 1, 1945 of petroleum products to agencies of the Government of the United States or of the Government of the United Kingdom, exclusive of (a) those mentioned in section A paragraphs 1 and 2 hereof, (b) withdrawals against agreed shares of inventories, or (c) straight lend-lease or reciprocal aid transfers under United States Joint Chiefs of Staff or United Kingdom Government directives, shall be for settlement in cash.

K. LEND-LEASE INTERESTS IN PETROLEUM INSTALLATIONS

1. *Petroleum Installations in the United Kingdom.*—The lend-lease interest in petroleum installations in the United Kingdom is transferred to the Government of the United Kingdom in accordance with the Agreement on Lend-Lease and Reciprocal Aid Installations concluded this day (No. VII).

2. *Petroleum Installations in British Colonial Dependencies and in Third Countries.*—Petroleum installations located in British Colonial Dependencies and under the control of the United States Armed Forces on September 2, 1945 are shown in Annex X. The lend-lease interest in these installations is deemed to have been returned to the Government of the United States under the Agreement on Lend-Lease and Reciprocal Aid Installations concluded this day (No. VII). Petroleum installations located outside the United Kingdom and British Colonial Dependencies, in which the United States had a lend-lease interest and which were in civilian use on September 2, 1945 or thereafter were or may be diverted to such use, are shown in Annex XI. The installations listed in Annexes X and XI shall be used and disposed of in accordance with the Agreement on Lend-Lease and Reciprocal Aid Installations.

L. RESTRICTIONS ON IMPORTATION OF PETROLEUM EQUIPMENT AND MATERIALS

In the course of the negotiation of this Agreement several questions which have arisen in connection with restrictions imposed on American oil companies, limiting the importation from the United States of plant and materials necessary to rehabilitate American oil properties in certain British areas, were discussed and cleared up individually on a satisfactory basis. The Government of the United Kingdom agrees that it will not impose or encourage the imposition of restrictions on the importation of petroleum materials from the United States likely to prejudice American companies in relation to their competitors.

M. GENERAL PETROLEUM QUESTIONS

The principles of general commercial policy recently discussed between the two Governments relate to petroleum as to any other commodity.

The two Governments recognize the importance of early agreement on petroleum questions of mutual interest and, pending the establishment of formal intergovernmental machinery to deal specifically with petroleum questions, will consult together as necessary on such questions.

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Annex I

TRANSACTIONS REFERRED TO IN SECTION C PARAGRAPH 3 OF THIS AGREEMENT

The following transactions, in which the liability for payment has heretofore been acknowledged and the method of computation is not in dispute, have been left for settlement outside the offsetting arrangement, and payment will be made in due course.

1. *Iceland.*—To carry out previously made arrangements, in dividing between the two Governments the proceeds from sales of petroleum products shipped to Iceland via the United Kingdom, the Government of the United States shall be credited with the proceeds of sales of such petroleum products made during the period from January 1, 1944 to October 31, 1944, inclusive. If, however, the proceeds from such sales should exceed the landed cost of such products in the United Kingdom, any excess shall be credited to the Government of the United Kingdom, which has met under reciprocal aid the expenses incurred by it in respect of such petroleum products for handling charges in the United Kingdom, freight from the United Kingdom to Iceland, leakage en route and handling charges in Iceland.

In the case of sales of such petroleum products made during the period from November 1, 1944 to September 1, 1945, inclusive, the Government of the United States shall be credited with the landed cost in the United Kingdom of the petroleum products sold and the Government of the United Kingdom will be credited with any proceeds over and above such cost.

The resultant net balance of accounts is known to be in favor of the Government of the United States, although the exact amount is subject to future determination. This balance shall be settled by cash payment to the Government of the United States.

2. *Profits from Cairo-Suez Pipeline.*—The Government of the United Kingdom agrees to pay Government of the United States the amounts due to the Government of the United States, to be agreed between the two Governments at convenient intervals, in respect of its share of the profits arising from the operation of the Cairo-Suez Pipeline. These payments will be made in the currency received in the course of operations.

3. *Arrangements for Expansion of Petroleum Output by Sterling Area Refineries.*—The Government of the United States reaffirms the arrangement made in 1944 in connection with the combined decision of the Governments of the United Kingdom and of the United States to expand the output of petroleum products in Curacao, Trinidad and Bahrein for use in the Allied war effort and will complete the payments due to the Government of the United Kingdom when the amounts have been determined.

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4. *Aviation Petroleum Products for Certain Atlantic Bases.*—The Government of the United States will complete payment to suppliers in the amount found to be due in accordance with existing agreements and under approved requisitions covering aviation petroleum products used prior to September 2, 1945 by the Royal Air Force at bases in Newfoundland and Bermuda.

5. *Trinidad.*—The Government of the United Kingdom will pay to the Government of the United States the amount due in settlement of the difference between (a) the sum of the cost of certain services in connection with petroleum and of the cost of petroleum products delivered at Trinidad to the Government of the United States which have been determined as eligible for reciprocal aid although payment was made at the time by the Government of the United States and (b) the cost of petroleum products delivered to the Government of the United States at Trinidad under reciprocal aid, but later diverted for purposes not eligible for reciprocal aid.

Annex II

STATEMENT SHOWING UNITED STATES LEND-LEASE SHARE OF PETROLEUM INVENTORIES IN THE UNITED KINGDOM AS OF SEPTEMBER 2, 1945

[Thousands of long tons]

	United States lend-lease share	Analysis of United States lend-lease share	
		Military	Residual lend-lease share
Admiralty Oil Fuels	383	114	269
100 Octane Aviation Gasoline	610	349	261
Other Aviation Gasoline	76	.....	76
Motor Gasoline	840	418	422
White Spirit	15	.....	15
Burning Oil	227	31	196
Vaporizing Oil	126	.....	126
Gas Oil	447	140	307
Diesel Oil	83	.....	83
Fuel Oil	193	.....	193
Lubricating Oil	254	32	222
Bitumen	5	.....	5
Total	3,259	1,084	2,175

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Annex III

STATEMENT SHOWING PARTICIPATION ATTRIBUTABLE TO LEND-LEASE AND RECIPROCAL AID CONTRIBUTIONS IN PETROLEUM INVENTORIES OTHER THAN THOSE IN THE UNITED KINGDOM AND IN THE MEDITERRANEAN POOL

	Thousands of long tons
United States share of stocks within the possession of the United Kingdom Government as of September 2, 1945:	
Aviation Gasoline, India, Ceylon and the Middle East	277
Aviation Lubricants, Ceylon, West Africa and the Middle East	15
Motor Transport Lubricants, East and West Africa and the Middle East	38
Admiralty Lubricants	10
Various products, Bermuda, and miscellaneous bases	10
Crudes held at Curacao, Trinidad, and Bahrein	95
Total	445
United Kingdom share of stocks within the possession of the United States Government as of September 2, 1945 (various products):	
Pacific (including Fiji) and Canal Zone	738
Dakar	10
Brazil	40
Ascension	7
Caribbean and South American bases	10
Total	805

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Annex IV

STATEMENT OF PETROLEUM INVENTORIES IN THE MEDITERRANEAN POOL TRANSFERRED AS OF SEPTEMBER 2, 1945 TO THE UNITED KINGDOM FOR USE BY THE BRITISH ARMED FORCES

[Thousands of long tons]

	Italy, Sicily, Sardinia	In other areas					Grand total
		Greece	Azores	French North Africa	Tripoli	Total	
100 Octane Aviation Gasoline	32.9	2.1	0.9	4.5	6.9	14.4	47.3
Motor Gasoline	81.1	3.4	.1	1.7	.....	5.2	86.3
Kerosene	5.0	.6	.....	.1	.....	.7	5.7
Diesel Oil	35.3	1.6	1.3	1.6	.....	4.5	39.8
Navy Special	34.6	2.5	11.2	3.9	.....	17.6	52.2
Lubricating Oils	10.5	1.7	.1	.3	.....	2.1	12.6
Sundries	1.5	.....	.....	.....	.....	.....	1.5
Total	200.9	11.9	13.6	12.1	6.9	44.5	245.4

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Annex V

STATEMENT SHOWING PETROLEUM INVENTORIES HELD IN TANKAGE CONTROLLED BY UNITED KINGDOM IN ITALY AS OF SEPTEMBER 2, 1945 AND DIVISION INTO UNITED KINGDOM AND UNITED STATES SHARES

[Thousands of long tons]

	Total stocks in British controlled tankage	Stocks transferred to the United Kingdom for use by British armed forces	Balance available for withdrawal by United States
100 Octane Aviation Gasoline	75.3	32.9	42.4
80 Octane Motor Gasoline	63.9	81.1	—17.2
Kerosene	13.4	5.0	8.4
Diesel Oil—702	87.4	35.3	52.1
Navy Special	83.1	34.6	48.5
Lubricating Oil	20.0	10.5	9.5
Sundries	11.7	1.5	10.2
Total	354.8	200.9	153.9

Annex VI

STATEMENT OF QUANTITIES OF PETROLEUM PRODUCTS DESIGNATED FOR WITHDRAWAL BY UNITED STATES ARMED FORCES FROM THE UNITED STATES SHARE OF STOCKS IN THE UNITED KINGDOM

	Thousands of long tons
Admiralty Oil Fuels	114.0
100 Octane Aviation Gasoline	349.0
Motor Gasoline	228.0
Burning Oil	13.6
Gas Oil	140.0
Lubricating Oils, Ground	1.6
Lubricating	2.5
Total	848.7

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Annex VII

STATEMENT OF QUANTITIES OF AVIATION PETROLEUM PRODUCTS DESIGNATED FOR WITHDRAWAL BY UNITED STATES ARMED FORCES FROM THE UNITED STATES SHARE OF STOCKS IN INDIA, CEYLON AND THE MIDDLE EAST

	Thousands of long tons
100 Octane Aviation Gasoline:	
India and Ceylon	146.6
Middle East	35.2
Lubricating Oils, Aviation:	
Middle East and Ceylon	1.0
Total	182.8

NOTE.—Withdrawals of aviation lubricating oils by the United States Armed Forces from the United States share of stocks of these products in India and handling or packaging charges on quantities of 100 Octane Aviation Gasoline withdrawn from stocks in India are matters for settlement between the Governments of the United States and of India.

Annex VIII

STATEMENT OF QUANTITIES OF PETROLEUM PRODUCTS DESIGNATED FOR WITHDRAWAL BY UNITED KINGDOM ARMED FORCES FROM THE UNITED KINGDOM SHARE OF STOCKS IN THE PACIFIC

[Thousands of long tons]

	Stocks held by British Pacific Fleet as of Sept. 2, 1945	Additional requirements September–October 1945	Stocks in Fiji as of Sept. 2, 1945	Total
100 Octane Aviation Gasoline			1.45	1.45
Motor Gasoline			.55	.55
Diesel Oil	7.37	9.47	5.00	21.84
Navy Special	108.82	222.50	8.09	339.41
Total	116.19	231.97	15.09	363.25

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Annex IX

STATEMENT SHOWING PETROLEUM INVENTORIES, TITLE TO WHICH IS DEEMED TO HAVE PASSED ON SEPTEMBER 2, 1945

	Thousands of long tons
1. *Inventories acquired by the Government of the United States:*	
(a) *Designated withdrawals by the Government of the United States from inventories within the possession of the Government of the United Kingdom as of September 2, 1945.*	
(i) From stocks in the United Kingdom (Annex VI)	849
(ii) From stocks in India, Ceylon and Middle East (Annex VII)	183
(iii) From stocks in British controlled tankage in Italy (Annex V)	154
(b) *Reciprocal aid stocks within the possession of the Government of the United States as of September 2, 1945.*	
In various areas (Annex III)	805
Less withdrawals designated by the Government of the United Kingdom (Annex VIII)	363
	442
Total	1,628
2. *Inventories acquired by the Government of the United Kingdom:*	
(a) *Designated withdrawals by the Government of the United Kingdom from inventories within the possession of the Government of the United States as of September 2, 1945.*	
From stocks in Pacific (Annex VIII)	363
(b) *Lend-lease stocks within the possession of the Government of the United Kingdom as of September 2, 1945.*	
(i) In the United Kingdom (Annex II)	3,259
Less withdrawals designated by the Government of the United States (Annex VI)	849
	2,410
(ii) *Mediterranean pool:*	
In Italy (Annex V)	355
Less withdrawals designated by the Government of the United States (Annex V)	154
	201
In Greece, North Africa, Azores (Annex IV)	44
	245
(iii) In other areas (Annex III)	445
Less withdrawals designated by the Government of the United States (Annex VII)	183
	262
Total	3,280

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Annex X

PETROLEUM INSTALLATIONS LOCATED IN BRITISH COLONIAL DEPENDENCIES AND UNDER CONTROL OF UNITED STATES ARMED FORCES ON SEPTEMBER 2, 1945

1. Gold Coast	(a) Takoradi.
	(b) Accra.
	(c) Accra Airport.
2. Nigeria	(a) Apapa (Lagos).
	(b) Kano.
	(c) Kano Airfield.
	(d) Bukuru.
	(e) Naidugari Airfield.
	(f) Port Harcourt.
3. Sierra Leone	Freetown—Kissey East Site.
4. Kenya	(a) Mombasa, Kipevus.
	(b) Nairobi, Eastleigh Airfield.
5. South Atlantic	(a) Ascension Island.
	(b) Ascension Island Airport.
6. Aden Protectorate	(a) Salalah Airfield.
	(b) Sheikh Othman Airport.
7. Palestine	Tel Litvinski Jerrican Factory.

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Annex XI

PETROLEUM INSTALLATIONS (LOCATED OUTSIDE THE UNITED KINGDOM AND BRITISH COLONIAL DEPENDENCIES) IN WHICH THERE IS A LEND-LEASE INTEREST

PIPELINES AND BULK FACILITIES

1. Egypt	(a) Agrud-Cairo 6″ Pipeline (White oils).
	(b) Suez-Port Said 8″ Pipeline (Black oils).
	(c) Timsah-Nefisha 10″ Pipeline (Black oils).
	(d) Gaboari (Alexandria) 6″ Pipeline (Black oils).
	(e) Fayid, Kabrit, Kosiarit, Shandur Airfields Pipelines.
	(f) Amriya (Alexandria) Military Pipelines (White oils).
2. Lebanon	Beirut 10″ Pipeline (Black oils).
3. Iceland	Reykjavik (Bulk installation).
4. Iran	Abadan-Ahwaz-Khorramshar Pipeline.

DRUM AND CAN PLANTS

5. Egypt	(a) Nefisha Can Factory, Filling Depot and 4″ Pipeline.
	(b) Shoubra (Cairo) Jerrican Factory, Plant No. 1.
	(c) Shoubra (Cairo) 5-gallon Drum Factory, Plant No. 2.
	(d) Moharrem Bey (Alexandria) Drum Factory, Plant No. 3.
	(e) Nouzha (Alexandria) Drum Factory, Plant No. 4.
	(f) Stagni (Alexandria) Tin Factory.

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VII

Agreement on Lend-Lease and Reciprocal Aid Installations

In accordance with their JOINT STATEMENT REGARDING SETTLEMENT FOR LEND-LEASE, RECIPROCAL AID, SURPLUS WAR PROPERTY AND CLAIMS, dated December 6, 1945, and in partial consideration of the payment of the net amount of $532,000,000 by the Government of the United Kingdom to the Government of the United States specified in paragraph 3 (b) thereof, the Governments of the United States and of the United Kingdom have reached agreement as set forth below regarding the transfer, use and disposition of lend-lease and reciprocal aid installations, which term shall cover structures or capital assemblies affixed to land or buildings in a permanent manner.

1. The Government of the United Kingdom hereby acquires and shall be deemed to have acquired on September 2, 1945 full title to any lend-lease interest in installations located in the United Kingdom or British Colonial Dependencies on that date, except that such interest in any installations located in the Colonial Dependencies and under the control of the United States Armed Forces on that date shall be deemed to have been returned to the Government of the United States. The Government of the United States hereby acquires and shall be deemed to have acquired on September 2, 1945 full title to any reciprocal aid interest in installations located on that date in the United States, its territories or possessions. A lend-lease or reciprocal aid interest shall be deemed to exist in an installation when (a) it has been furnished in complete form under lend-lease or reciprocal aid, or (b) it contains significant quantities of lend-lease or reciprocal aid materials, or (c) a significant part of the construction costs was met under lend-lease or reciprocal aid.

2. The lend-lease interest in installations transferred to the Government of the United Kingdom under paragraph 1 hereof shall be deemed to have been transferred subject to the condition that United States nationals, corporations, and associations shall receive appropriate non-discriminatory treatment in the use and disposition of such installations. The term "appropriate" as used in this paragraph and in paragraph 3 hereof shall mean appropriate to the trade position in the area of the parties involved, and to their rights of entry or expansion in the area consistently with pertinent agreements reached either under Article VII of the Mutual Aid Agreement of February 23, 1942, or otherwise.

3. The use and disposition of all installations located outside the United Kingdom and British Colonial Dependencies and outside the United States, its territories and possessions in which a lend-lease interest (as between the two Governments) remains unextinguished by return or otherwise, and

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which were in civilian use on September 2, 1945, or thereafter were or may be diverted to such use, shall be governed by the following principles:

(a) Installations under the direct or indirect control of the Government of the United Kingdom continued in operation pending disposal shall be operated without discrimination against the nationals, corporations or associations of the United States and of the United Kingdom.

(b) In cases where both Governments have contributed to the cost of an installation or where one Government is in control of an installation to the cost of which the other has contributed, disposal shall be by mutual agreement, and the two Governments will co-operate with the object of securing appropriate non-discriminatory treatment for the nationals, corporations, or associations of both countries in connection with the subsequent use of such facilities. The proceeds of any agreed sale shall be divided between the Governments of the United States and of the United Kingdom in accordance with their relative contributions (including lend-lease, reciprocal aid and other contributions by either Government) to the cost of the facility as agreed by them, or in such other manner as may be mutually agreed.

4. The use and disposition of any installations located in British Colonial Dependencies in which a reciprocal aid interest exists and which were on September 2, 1945, under the control of the United States Armed Forces shall be governed by the principles set out in paragraph 3 hereof.

5. It is hereby reaffirmed that the Government of the United States has full title to any lend-lease interest in installations located in the United States, its territories or possessions, and that the Government of the United Kingdom has full title to any reciprocal aid interest in installations located in the United Kingdom or British Colonial Dependencies.

VIII

Agreement Relating to United States Army and Navy Surplus Property and Surplus Installations in the United Kingdom

1. In accordance with their JOINT STATEMENT REGARDING SETTLEMENT FOR LEND-LEASE, RECIPROCAL AID, SURPLUS WAR PROPERTY AND CLAIMS, dated December 6, 1945, and in partial consideration of the payment of the net amount of $532,000,000 by the Government of the United Kingdom to the Government of the United States specified in paragraph 3 (b) thereof, the Governments of the United States and of the United Kingdom agree that the latter shall acquire possession of and title to the following property on the terms and conditions set forth below:

(a) All movable articles of whatever description (except vessels other than those which may be specifically designated from time to time by the

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Government of the United States for transfer hereunder, and aircraft) located in the United Kingdom which had been on December 6, 1945, or are thereafter, declared to the Office of the Foreign Liquidation Commissioner, United States Department of State, as surplus to the needs and responsibilities of the United States War and Navy Departments.

(b) All interests of the United States War and Navy Departments in installations (which term includes structures or capital assemblies affixed to land or buildings in a permanent manner) located in the United Kingdom where such interests have been or are declared to the Office of the Foreign Liquidation Commissioner as surplus to the needs and responsibilities of the War and Navy Departments.

2. Title to and custodial responsibility for the property described in paragraph 1 hereof shall be deemed to have passed or shall pass to the Government of the United Kingdom as soon as possible in accordance with transfer procedures established by the representatives in the United Kingdom of the Office of the Foreign Liquidation Commissioner and the responsible departments of the Government of the United Kingdom.

3. The Government of the United Kingdom agrees that the procedure for the acquisition of the property described in paragraph 1 hereof will not interfere with the consumption or continued use of such property by the United States Army and Navy in connection with their respective needs and responsibilities.

4. Any property described in paragraph 1 hereof which had on or before December 6, 1945, been specifically committed for sale or transfer to third parties or which has been or may be directly transferred to the United Nations Relief and Rehabilitation Administration by the United States War and Navy Departments under Section 202, Title II, United States Public Law No. 382, 78th Congress, shall not be subject to transfer to the Government of the United Kingdom.

5. The Government of the United Kingdom will afford the United Nations Relief and Rehabilitation Administration opportunity to acquire at fair and reasonable prices any property transferred to the Government of the United Kingdom under this Agreement.

6. The Government of the United Kingdom will use its best endeavors to ensure that property transferred pursuant to this Agreement shall not be imported into the United States in the same or substantially the same form, if such property was originally produced in the United States and is readily identifiable as such, but such property may be imported into the United States on consignment to a person or firm in the United States for the purpose of reconditioning for re-export, or by a member of the United States Armed Forces for his personal use.

7. The Government of the United Kingdom, when it disposes of or distributes property transferred pursuant to this Agreement, will use its best endeavors to avoid discrimination against the legitimate interests of

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the United States manufacturers of such property, or their agents or distributors in the United Kingdom.

8. The provisions of the Agreement on Lend-lease and Reciprocal Aid Installations concluded this day (No. VII) which relate to nondiscriminatory treatment of United States nationals, corporations and associations shall also apply to installations in which the Government of the United States has had an interest covered by this Agreement.

9. The Government of the United Kingdom will not transfer to other governments or for export without the consent of the Government of the United States any arms, ammunition or lethal implements of war transferred pursuant to this Agreement.

10. In this Agreement the term "vessels" includes ships, boats, barges, floating dry docks and other watercraft.

IX

Agreement Relating to Tort Claims

The Governments of the United States and of the United Kingdom have agreed that the Agreement relating to the settlement of certain classes of claims against members of the armed forces of one arising out of their military duties in the territory of the other, which has been in effect since 1944 on terms set out in the Foreign Secretary's Note to the United States Ambassador at London, dated February 29, 1944 and its Annex (hereinafter called "the Agreement"), shall apply on the same terms to claims in respect of acts or omissions within the scope of the Agreement as hereby modified, committed (a) by members of the United Kingdom Armed Forces in the course of their military duties in the United States on or before February 28, 1946 and (b) by members of the United States Armed Forces in the course of their military duties in the United Kingdom on or before December 31, 1949, subject to the following modifications:

(i) The Agreement is hereby extended to include claims in tort arising after September 1, 1945 from training, maneuvers and operations of aircraft in the performance of military duties.

(ii) The amounts paid by one Government in settlement of claims arising after September 1, 1945 against the other in accordance with the Agreement as hereby modified shall be included in the offsetting arrangement described in section E of the Agreement on Lend-Lease and Reciprocal Aid Pipelines and Offsetting Arrangement concluded this day (No. I), by adjustment of the sum designated (a) in paragraph 3 of the Joint Statement regarding Settlement for Lend-Lease, Reciprocal Aid, Surplus War Property and Claims, dated December 6, 1945.

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Appendix VII

BRITISH COLONIAL DEPENDENCIES

BRITISH EMBASSY,
Washington, D. C., 27th March 1946.

SIR: As certain provisions of the specific Agreements relating to settlement for Lend-Lease, Reciprocal Aid, Surplus War Property, and Claims concluded this day relate to British Colonial Dependencies, I have the honour to enclose a list of the territories comprised in that term as of December 6, 1945. This list is identical with that enclosed with my Note of December 15, 1945, No. 620, concerning the Financial Agreement concluded on December 6, 1945, between His Majesty's Government in the United Kingdom and the Government of the United States.

2. In view of the assumption of independent status by Transjordan on March 22, 1946, from that date forward that territory should not be regarded as a British Colonial Dependency for purposes of these Agreements.

I have the honour to be, with the highest consideration, Sir, your most obedient, humble servant,

HALIFAX.

The Honourable DEAN ACHESON,
Acting Secretary of State of the United States,
Washington, D. C.

LIST OF BRITISH COLONIAL DEPENDENCIES

Aden (Colony and Protectorate)
Bahamas
Barbados
Basutoland
Bechuanaland Protectorate
Bermuda
British Guiana
British Honduras
British Solomon Islands Protectorate
Ceylon
Cyprus
Falkland Islands and Dependencies
Fiji
Gambia (Colony and Protectorate)
Gibraltar
Gilbert and Ellice Islands Colony
Gold Coast:
  (a) Colony
  (b) Ashanti
  (c) Northern Territories
  (d) Togoland under British Mandate
Hong Kong
Jamaica (including Turks and Caicos Islands and the Cayman Islands)
Kenya (Colony and Protectorate)
Leeward Islands:
  Antigua
  Montserrat
  St. Christopher and Nevis
  Virgin Islands

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Malay States
(a) Federated Malay States:
Negri Sembilan
Pahang
Perak
Selangor
(b) Unfederated Malay States:
Johore
Kedah
Kelantan
Perlis
Tregganu
Brunei
Malta
Mauritius
Nigeria:
(a) Colony
(b) Protectorate
(c) Cameroons under British Mandate
North Borneo, State of
Northern Rhodesia
Nyasaland Protectorate
Palestine (excluding Trans-Jordan)
St. Helena and Dependencies
Sarawak
Seychelles
Sierra Leone (Colony and Protectorate)
Somaliland Protectorate
Straits Settlements
Swaziland
Tanganyika Territory
Tonga
Trans-Jordan
Trinidad and Tobago
Uganda Protectorate
Windward Islands:
Dominica
Grenada
St. Lucia
St. Vincent
Zanzibar Protectorate

APRIL 3, 1946.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of March 27, 1946, No. 186, transmitting a list of British Colonial Dependencies for the purposes of the specific agreements relating to settlement for Lend-Lease, Reciprocal Aid, Surplus War Property and Claims.

Accept, Excellency, the renewed assurances of my highest consideration.

DEAN ACHESON,
Acting Secretary of State.

His Excellency
The Right Honorable,
THE EARL OF HALIFAX, K. G.,
British Ambassador.

U. S. GOVERNMENT PRINTING OFFICE: 1943

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TWENTY-THIRD REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended September 30, 1946

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TWENTY-THIRD REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended September 30, 1946

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Submitted in accordance with
Section 5, Subsection b, of the
Lend-Lease Act of March 11, 1941
Public Law No. 11, 77th Congress, 1st Session

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PRESIDENT'S LETTER OF TRANSMITTAL

To the Congress of the United States of America:

I am transmitting herewith to the Congress the twenty-third report of operations under the Lend-Lease Act.

Lend-lease operations since VJ-day have been limited largely to negotiating final settlement agreements and to certain other liquidation activities. The principal liquidation activity has related to the substantial quantities of lend-lease supplies which were in inventory or procurement in the United States at the time that direct lend-lease aid was terminated. Steps were taken immediately to sell to lend-lease countries the supplies which had been procured or contracted for on their behalf. Such sales agreements were entered into with 13 countries, the total amount aggregating almost $1,200,000,000. Most of these supplies have already been shipped and the remainder will be transferred to the recipient countries as rapidly as possible. This report discusses the terms and provisions of the sales agreements.

In the period covered by this report, agreements on final settlement for lend-lease and reciprocal aid have been signed with the Governments of France, Belgium, Turkey, Australia, New Zealand, and India. Detailed accounts of these agreements are contained in this report. The first settlement agreement was negotiated with the United Kingdom and was discussed in the twenty-second report.

Final settlements have been signed with countries which received 70 percent of total lend-lease aid. Countries with which agreements remain to be negotiated include the U. S. S. R., China, Greece, The Netherlands, Norway, and the Union of South Africa. Preliminary discussions concerning settlements are now in progress with several of these countries.

In the negotiation of the settlements the objective has been to carry out the provisions of Article VII of the Master Lend-Lease Agreements with various countries, which provide that "* * * the terms and conditions thereof shall be such as not to burden commerce between the two countries but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations." Viewed in the light of the objectives of the Lend-Lease Act and the Master Agreements, I believe that the settlements which have been worked out not only are highly satisfactory to the United States in the financial sense but also serve the long-range interests of this country by providing one of the foundations of economic stability in the postwar world.

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Although the value of lend-lease can never be satisfactorily measured in monetary terms, I think it should be noted that return to the United States from lend-lease through September 30, 1946 exceeded 10 billion dollars, including reverse lend-lease aid, cash payments for goods and services furnished under lend-lease, payment made or to be made under the final settlement agreements, and the sale of supplies in inventory or procurement.

Negotiation of the remainder of the final lend-lease settlements, fiscal activities in connection with the payments due under the various agreements, and the recording and reporting of fiscal operations are the principal continuing lend-lease functions.

HARRY S. TRUMAN.

THE WHITE HOUSE,
December 27, 1946.

(Filed December 27, 1946, with the Secretary of the Senate and the Clerk of the House of Representatives, as provided in Section 5–b of the Lend-Lease Act.)

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Chapter 1

LEND-LEASE SETTLEMENTS

The negotiation of final settlement agreements with the various lend-lease countries is progressing as rapidly as discussions with representatives of the several governments can be initiated and agreement reached. Discussions with several countries have been in progress at all times since the first negotiations started over a year ago. The final settlement with the United Kingdom, which closed the most complex of our wartime supply arrangements, was described in the Twenty-Second Report to Congress on Lend-Lease Operations. Since the signing of the final agreement and subsidiary understandings with the United Kingdom, there have been completed final settlements with France, India, Australia, New Zealand, Belgium, and Turkey. Lend-lease aid to these countries and the United Kingdom constituted about 70 percent of all aid rendered to our Allies under lend-lease. Brief descriptions of the settlements with those countries follow in this chapter and texts of the agreements appear in the Appendixes of this report.

In all these agreements, the same general principles have been followed as in the settlement with the United Kingdom. Under these principles, the lend-lease countries and the United States each pay for and receive full title to lend-lease and reciprocal aid articles of postwar civilian utility in their possession as of VJ-day, while military items are left in the possession of recipient governments, without payment, but subject to a right of recapture. In most of the agreements, the United States has undertaken to complete delivery of certain lend-lease articles which were in the process of procurement as of VJ-day, and the lend-lease governments agree to pay for these pipeline articles under appropriate terms, as set forth in the agreements. In some cases, the settlement agreements have also covered sales of surplus Army and Navy material, and all of the agreements so far concluded have contained provisions for the settlement of outstanding claims between the two governments arising out of the war.

At the present time, settlement negotiations are actively in progress with South Africa, Norway, Greece, and the Netherlands. The Soviet Union has been invited to open negotiations. Final settlements remain to be discussed with representatives of the Governments of Yugoslavia, Poland, and Czechoslovakia. Preparation for such discussions has been made, but it has not as yet been possible to start active negotiations.

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The lend-lease account with Canada is considered closed. During the war Canada paid for all supplies and material procured in the United States, even the items which were procured through the lend-lease mechanism. Accordingly, there remains nothing to be settled. Lend-lease relations with various of the Latin-American countries were on somewhat the same basis. Under the agreements with those countries, lend-lease military supplies were delivered in return for a commitment to pay amounts stipulated in the agreements. Except in a few cases, such as Brazil, which received a substantial amount of lend-lease aid through supplies and services made available to the Brazilian Expeditionary Force while it served overseas with United States troops, only relatively minor matters remain to be settled with the other American Republics.

No final settlement negotiations have been started with China, as our lend-lease relations with that country are still in a fluid state, as described in Chapter 2 of this report.

France

The lend-lease settlement agreement with France was concluded on May 28, 1946. In addition to finally disposing of the accounts for lend-lease and reciprocal aid, the agreement, which is printed in Appendix IV, settled all outstanding claims between the two governments arising out of the war. On the balance of these accounts and claims France undertook to pay $420,000,000. Also included was a sale for $300,000,000 of the bulk of the remaining United States Army and Navy surplus property in France and certain French overseas territories, which has been separately reported to the Congress. Concurrently, credit of $650,000,000 for France was made available through the Export-Import Bank. At the same time and as an integral part of the same transaction, the two governments signed a declaration on steps to be taken toward expansion of world trade and an understanding on related commercial policy matters. In other words, a complete and final lend-lease settlement was arrived at and to this was coupled the satisfactory disposition of a number of other subjects, which should eliminate many sources of potential dispute between the two governments and should, in the language of the Master Lend-Lease Agreement, "promote mutually advantageous economic relations between them and the betterment of worldwide economic relations." This agreement consolidated the financial terms of all previous lend-lease supply agreements between the two governments.

The negotiations for the over-all settlement were conducted on the United States side under the supervision of the members of the National Advisory Council on International Monetary and Financial Problems, which was established by Congress in Public Law 171, Seventy-ninth

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Congress. The basic principles underlying the settlement were laid down by this committee. The chief principles of the lend-lease portion of the settlement were:

1. No payment was required for goods originally transferred under straight lend-lease and lost, destroyed or consumed in the course of the war. As in the British settlement, these are regarded as part of the price of victory for which there should be no later financial charge. France, however, agreed to make payment on account of lend-lease goods of civilian utility remaining in her hands at VJ-day and goods thereafter delivered under the lend-lease supply agreement of February 28, 1945.

For their part, the French made no charge for the cost of goods and services furnished to the United States as reverse lend-lease before VJ-day. Moreover, France suggested no adjustment for such goods in United States hands at VJ-day, it being understood that the goods furnished were for current consumption and without substantial post-war civilian value.

2. The settlement was to the fullest possible extent final and not subject to later accounting adjustments, which enables both governments to avoid the need for continuing for many years the relatively minor adjustment of accounts and to foreclose so far as possible future disputes of detail. This was not possible as to certain deliveries of goods, chiefly post VJ-day transfers, for which France assumed obligation to pay, and with respect to this category it was agreed that the books would remain open so that final payment would be on the basis of actual deliveries. However, the area left open for future accounting adjustments was substantially reduced, so that future complicated negotiations will be largely eliminated.

3. The United States share of so-called Plan A supplies furnished to France was treated in the same way as consumed lend-lease goods in the general settlement. Plan A was the program under which, after the Normandy landings, supplies needed for the minimum support of civilians to prevent disease and unrest in liberated areas behind the allied lines were furnished jointly by the United States, Britain, and Canada. The original program called for eventual payment by France and other countries receiving benefits under Plan A. In view of the similarity of these supplies to those furnished under lend-lease and the fact that during this whole period most countries receiving Plan A supplies were themselves furnishing goods and services to the United States and allied areas on straight reciprocal aid were persuasive reasons for treating them in the settlement as consumed lend-lease goods.

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Other features of the lend-lease settlement agreement with France followed generally the pattern of the British settlement. All known types of war-connected claims between the two governments were reviewed. Some were left to be disposed of in accordance with arrangements previously agreed to; some were resolved in the course of the negotiations; and it was agreed that any others would be released and not afterward asserted. In this connection, France agreed to assume claims arising out of acts of United States military and other personnel in French territory and other claims based on United States use for war purposes of French-owned patents and tangible property in the United States. An involved group of shipping claims of both governments was also disposed of, arising out of the chartering by the United States on various terms of a number of French vessels, as well as the loss of the liner *Normandie*.

The United States reserved the right to recapture lend-lease property held by French armed forces, except for petroleum products and certain noncombat aircraft, which were purchased by France. It is not contemplated that this recapture right will be generally exercised, except for such naval and merchant vessels as must under existing statutes and agreements be returned to the United States. United States consent is required for any retransfers by the French armed forces for military use, and for retransfers for civilian use outside French territory. Proceeds of any retransfers of material subject to recapture are to be paid to the United States.

After allowance for all claims of the types referred to above, and after credit for $232,000,000 already paid by France for goods supplied through lend-lease procedures, the lend-lease settlement figure stood at $420,000,000, subject to adjustment for those post VJ-day transfers previously referred to. Interest at 2 percent runs from July 1, 1946, the first payment being due on July 1, 1947. Principal is payable over 30 years, beginning July 1, 1951. Of the total sum due, the United States has the option of taking $15,000,000 in real estate and $10,000,000 in francs to be used to acquire or improve real estate or carry on educational programs of the type contemplated in the Fulbright Act (Public Law 584, Seventy-ninth Cong.).

In summary, the dollar figures of the lend-lease account and settlement are as follows, it being again emphasized that the amounts are approximations or estimates.

The United States furnished lend-lease aid to France in all categories of some $3,235,000,000, and the United States share of Plan A deliveries to France has been estimated at $130,000,000. On her part, France supplied reverse lend-lease of some $868,000,000, assumed settlement of a variety of claims against the United States valued at close to $50,000,000, paid $232,000,000, and agreed to pay about $420,000,000.

The French settlement represents an equitable adjustment of the contributions of both countries to the success of the combined cause, carries

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out the provisions and intent of the Lend-Lease Act and the Master Agreements concluded under its authority, and conforms with the principles heretofore expounded in reports to the Congress on lend-lease operations.

India

The final settlement with India for lend-lease, reciprocal aid, and surplus war property located in India, and for financial claims of each government against the other arising as a result of World War II, was signed on May 16, 1946. The text of the settlement agreement appears as Appendix V.

The lend-lease settlement with India was complicated by the fact that India formed a supply base for the Southeast Asia Command during the war. As a result, a very large quantity of lend-lease supplies shipped to India was actually for the use of the United Kingdom armed forces. Because of the greater urgency of other wartime operations, the work of maintaining records was subordinated and it was not always possible to determine what supplies were properly chargeable to the Government of India. An exact figure, therefore, of the total amount of lend-lease aid chargeable to India could not be compiled. In the settlement negotiations, however, it was recognized that precise figures on lend-lease aid, or of reciprocal aid, were not vital to a settlement based on the principles that had been generally applied to lend-lease settlements in accordance with the formula adopted by the National Advisory Council.

Because of the highly industrialized economy of the United States as contrasted with the economy of India, lend-lease aid largely comprised finished military and industrial equipment and machinery, while India furnished raw materials to the United States under reverse lend-lease. Consequently, on VJ-day the United States had consumed most of the reverse lend-lease articles received from India, while India had in its possession a considerable quantity of equipment that would be useful in its postwar civilian economy. It was recognized, however, that each government had contributed approximately equally to the war effort of the other under lend-lease and reverse lend-lease.

In the final agreement, it was determined that no payment would be made by either government for lend-lease and reciprocal aid items made available to the other government. Each government obtained full title to the civilian-type lend-lease articles remaining in its possession or in the pipeline as of VJ-day, while lend-lease military articles remained subject to recapture by the United States.

The Government of India, in consideration of the over-all settlement, assumed responsibility for the settlement and payment of claims against the Government of the United States or members of the United States armed forces arising from acts or omissions occurring before June 1, 1946.

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The settlement agreement did not alter the obligation of the Government of India to return to the United States an amount of silver bullion equivalent to the quantity transferred under lend-lease, which obligation was the same as that assumed by both governments with respect to lend-lease transfers of silver bullion. The amount of silver bullion to be returned in accordance with this undertaking is 226 million ounces which cost the United States about $160,000,000. This is to be returned within 5 years after the end of the emergency, as determined by the President, but this period may be extended for 2 years, by agreement of the Governments of the United States and India, if the conditions of the world supply of silver make it advisable.

Australia

The final settlement of the lend-lease and reverse lend-lease accounts was signed by the United States and Australia on June 7, 1946. As in the case of some of the other settlements, the agreement included a disposal of surplus property and a settlement of outstanding claims between the two governments. The lend-lease and reciprocal aid accounts were closed by agreement that no payment would be made by either government for the articles and services used in the achievement of the common victory. Provision was made for payment by the Australians for certain United States Army and Navy surpluses in the Pacific area, at a price of $6,500,000. Australia also agreed, in accordance with a commitment made prior to the end of hostilities, to pay for the postwar value of certain lend-lease machine tools located in Australia, for the postwar value of certain other items of capital equipment transferred under lend-lease, and for a number of noncombat aircraft and spares remaining in Australia. The total agreed payment, including the surplus purchase, amounted to $27,000,000, of which $7,000,000 is to be made available in Australian currency for the acquisition of real estate, the construction of United States Government buildings and improvements thereon, and for the furtherance of cultural relationships of mutual benefit to the two countries. The Australian Government paid $20,000,000, as called for in this settlement, on September 6, 1946.

The extent of Australia's contribution to the war effort of the allied nations, measured in sacrifice of manpower and of material, is well known. As part of this contribution, Australia provided large quantities of food and war material to the United States forces in the Southwest Pacific area. General MacArthur's headquarters were located in Australia and Australian territories for approximately 3 years. The value of foodstuffs, supplies, buildings and other installations, services, and labor supplied to the United States armed forces under reciprocal aid amounted to $888,000,000 as of September 2, 1945. Lend-lease exports from the United States to Australia during the war aggregated $1,220,000,000, which does not include the cost of shipping and other services supplied to Australia under

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lend-lease. Both of these figures, however, are of questionable value in determining the true extent of lend-lease and reciprocal aid. The materials turned over by the Australian Government represented an enormous saving in shipping for the United States, which is not reflected in the reported value of reciprocal aid. Similarly, the value of having the enormous productive capacity of the United States available to our Allies cannot be measured in money. On balance, the contribution made by Australia, a country having a population of about 7 million, approximately equaled that of the United States to Australia, and the settlement agreement was negotiated with that equivalence in mind.

As part of the settlement, Australia assumed the responsibility for the settlement and payment of all claims against the Government of the United States or members of the United States armed forces arising from acts or omissions occurring before June 30, 1946, in the course of the military duties of members of United States armed forces in Australia. This undertaking was of considerable value to the United States, in view of the relief it gave to us from the burden of maintaining a sufficient force in Australia to arrange for the settlement of outstanding claims. It enabled the United States to redeploy a number of officers and men who would otherwise have been forced to remain in Australia for an indefinite period in connection with this work.

In accordance with general practice, the two governments agreed that the obligations assumed by Australia at the time of the transfer of silver under lend-lease for industrial and coinage purposes during the war were not affected by the settlement agreement. In accordance with such obligations, Australia will return to the United States within 5 years of the end of the emergency silver equal in value to approximately $7,000,000. This period may be extended for 2 years by agreement of the two governments, if the conditions of the world silver supply make it advisable.

Following the principle of the settlement that both governments had made approximately equal contributions under lend-lease and reverse lend-lease, the lend-lease and reciprocal aid pipelines were considered paid for and were to be delivered by each government without further payment. The lend-lease pipeline consisted of approximately $17,000,000 worth of material for which contracts had been let or, in the case of agricultural commodities, which were under allocation as of VJ-day. The reverse lend-lease pipeline, having about the same value, consisted of articles and services supplied to the United States armed forces in Australia after VJ-day.

The full text of the agreement is printed as Appendix VI of this report.

New Zealand

An agreement was signed on July 10, 1946 by the United States and New Zealand covering settlement of lend-lease and reciprocal aid and providing for the sale of certain surplus war property and for the settle-

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ment of outstanding claims between the two governments. Under this settlement, no payment was to be made by either government to the other with respect to lend-lease or reciprocal aid articles. This agreement was based on recognition of the approximately equal contribution of both governments to each other in the form of lend-lease and reciprocal aid.

The reported figures of lend-lease and reciprocal aid were approximately $250,000,000 on both sides. Because of the disparity in prices between the two countries and the impossibility of giving a dollar value to such matters as the saving in shipping space and the advantage gained from the availability of the enormous productive facilities of the United States, a settlement based on an even balancing of accounts was readily agreed upon.

The final agreement, which is printed in Appendix VII of this report, called for funds to be made available by New Zealand in an amount equivalent to approximately $5,500,000 in consideration of the transfer of certain United States Army and Navy surpluses, surplus air navigation equipment, certain lend-lease noncombat aircraft and spares located in the Pacific area. The funds may be used by the United States in New Zealand currency for the acquisition of real estate and Government buildings in New Zealand and, pursuant to the provisions of the Fulbright Act, for the furtherance of cultural relations of mutual benefit to the two countries. If agreement on such uses is not reached after 3 years, payment of any residue of these funds will be made in dollars.

As part of the settlement, New Zealand agreed to assume responsibility for the settlement and payment of all claims against the Government of the United States or members of the United States armed forces arising from acts or omissions of members of the United States armed forces occurring in New Zealand before June 30, 1946. By assuming the financial and administrative burden of settling these claims, New Zealand relieved the United States of the burden of maintaining sufficient officers and men in New Zealand to handle such settlements.

Belgium

The lend-lease settlement with Belgium, signed on September 24, 1946, dealt with all accounts arising out of the war, provided for a bulk transfer of United States surplus property in Belgium, and modified an interim lend-lease arrangement made in October 1945. This settlement was based upon reported lend-lease transfers by the United States of $114,000,000, reverse lend-lease aid to United States forces in Belgium, Luxembourg, and the Belgian Congo aggregating $204,800,000, and a Plan A (civilian supplies furnished under the military relief program) contribution by the United States to Belgium and Luxembourg approximately equal to the $90,000,000 by which reverse lend-lease exceeded lend-lease aid. Luxem-

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bourg was included in these accounts because of its close economic relations with Belgium, and it concurred in the settlement insofar as it was concerned. The text of the agreement is printed as Appendix VIII.

The two governments agreed in the over-all settlement that their contributions to each other in the common war effort through lend-lease, reciprocal aid, and Plan A (civilian supplies furnished under the military relief program) were substantially in balance and that accordingly no further benefits would be sought by either government from the other on these accounts. Belgium agreed to pay $18,000,000 for surplus property previously designated for transfer to Belgium—payment to be partly in dollars and partly in funds for educational programs, real estate, and the assumption of claims. In addition, the settlement provided that all United States surplus property in Belgium remaining unsold on October 1, 1946, or declared surplus thereafter (except nondemilitarized combat material and certain other reserved items) should pass to Belgium under an undertaking by Belgium to sell it and turn over one-half of the gross proceeds to the United States in dollars. The date of October 1, 1946, was selected to give this country an adequate opportunity to meet the demands of other markets for its surplus property located in Belgium. The amounts due from Belgium for these transfers of surplus are payable in 30 annual installments beginning July 1, 1947, with interest at 2⅜ percent, subject to certain provisions for accelerated payments. The United States, on its part, agreed to pay in cash for supplies and services furnished by the Belgian Government after September 2, 1945.

Turkey

The lend-lease settlement agreement with Turkey was signed in Ankara on May 7, 1946. The agreement covered only the lend-lease account and financial claims between the two governments, inasmuch as surpluses in Turkey had been disposed of in prior agreements. The settlement called for cash payment by Turkey of $4,500,000, representing the residual value of lend-lease equipment of postwar civilian utility located in Turkey. This equipment, consisting of railroad rolling stock and industrial capital goods, had an original cost value of $5,728,000. Military items remaining in the possession of the Turkish Government are subject to a continuing right of recapture by the United States, although it is not intended that such right will be generally exercised.

The amount of straight lend-lease aid received by Turkey from the United States directly and through retransfers is estimated at $90,000,000, plus an amount aggregating approximately $5,000,000 for which the Turkish Government paid cash prior to delivery. Straight lend-lease aid was limited to military supplies, while the articles for which cash was paid were civilian items such as agricultural machinery, trucks, and industrial

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equipment. A large volume of the material destined for Turkey when exported from the United States was diverted to more urgent war needs before its arrival in Turkey. The amount of aid actually received by Turkey is not as great as the amount reported as exported to that country.

In accordance with the terms of the final agreement, the text of which appears in Appendix IX of this report, Turkey paid $4,500,000 to the United States within 30 days after the effective date of the agreement. Turkey became the first country which received a substantial quantity of lend-lease aid to agree with this Government on an immediate cash liquidation of its entire financial obligation for lend-lease supplies. This closed a transaction which represented an investment by the United States, as part of the Allies' world-wide war effort, in the strengthening of a small country's ability to resist Axis pressure. Turkey's defiance of threatened German attack was made possible largely by the efforts of the United States and the United Kingdom to build up Turkey's military potential and to sustain her economy in the face of wartime disruption.

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Chapter 2
LEND-LEASE AID TO CHINA

Although China was the first of the major nations to feel the weight of Axis aggression, lend-lease aid was slow to reach her. It had been determined by the President and his military advisers that the principal allied effort in the early stages of the war would be directed to the European Theater. After the German menace had been checked and a substantial share of the allied effort could be diverted to the Asiatic Theater, the Japanese had succeeded in establishing an almost airtight blockade of China, and the only supply facilities open to our Chinese ally were the hazardous Burma Road and the so-called hump route over the treacherous Himalayas from Assam to Yunnan. Consequently, by VJ-day only some $870,000,000 worth of lend-lease supplies had reached China. The end of hostilities, moreover, found China on the verge of collapse. Chinese sovereignty had to be reasserted over the rich coastal provinces which for years had been under Japanese occupation, and upward of 3,000,000 potentially dangerous Japanese, including approximately 1,250,000 Japanese troops, remained to be taken into custody and repatriated. These special circumstances prompted the President to authorize the continuance of military lend-lease aid beyond the date of the termination of hostilities. Total military lend-lease, both pre and post VJ-day, amounted to about $1,565,000,000. There remain in operation certain minor military lend-lease programs, including supplies for the Chinese forces participating in the occupation of Japan and specialized training services. Aid since June 30, 1946 is by agreement, being furnished on a reimbursable basis.

On VJ-day there was in procurement or awaiting shipment in this country nearly $50,000,000 worth of goods intended for China. This amount included a high percentage of supplies sorely needed for the reconstruction of China's civilian economy. On September 29, 1945 China undertook to accept delivery of this material in its pipeline on conditions subject to later determination. The first vessel carrying pipeline goods sailed from New York on November 16, 1945 and by September 30, 1946, a total of $40,117,000 worth of goods had been shipped. On June 14, 1946 an agreement was signed at Washington whereby China committed herself to the payment in 30 annual installments beginning July 1, 1947, of the contract price of the articles transferred plus 7½ percent to cover storage and inland transportation plus the actual cost of ocean freight. Interest was provided for at the rate of 2⅜ percent per annum.

The texts of the pipeline and military aid agreements are printed as Appendixes X and XII.

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Chapter 3

PIPELINE OPERATIONS

Promptly upon the surrender of Japan, the United States Government determined that lend-lease, as it had been conducted during the active war period, should cease. However, in view of the relatively sudden termination of hostilities, there were still on order for, or under allocation to, foreign governments vast amounts of civilian type industrial and agricultural commodities, intended for transfer under the Lend-Lease Act.

It was evident that a sudden termination of lend-lease deliveries would have worked considerable hardship upon the many nations which, as part of the over-all wartime strategy of the Allies, had been made dependent upon United States supply lines for the essentials of their civilian economies. Through no fault of their own they would have been deprived for an indefinite period of time—until their regular commercial channels could be established—of the essential civilian goods which they had been induced to rely on securing from United States production.

At the same time, an abrupt discontinuance of lend-lease transfers of civilian goods would have had a markedly detrimental effect on the internal economy of the United States. In the case of partially finished goods heavy cancellation charges would have been incurred, and finished goods, in many cases built to foreign specifications and therefore of no particular value to United States consumers, would have had to be disposed of through domestic surplus property channels at substantial losses. Apart from the financial burden thus cast upon the United States Government, economic recovery would have been retarded in this country through the widespread discharge of factory and port workers engaged in the production and shipment of lend-lease goods, and the flooding of our domestic market with civilian type lend-lease goods sold at surplus prices would have seriously disturbed our effort toward reconversion to a peacetime production basis.

In order to avoid these unfortunate consequences of an abrupt termination of lend-lease production, the United States offered to the various lend-lease recipient countries an opportunity to acquire, on reasonable credit payment terms, any or all of the civilian type lend-lease goods on order for them on VJ-day, September 2, 1945. In the case of industrial articles, goods "on order" meant goods for which contracts had been placed with suppliers by the United States procurement agencies; in the case of agricul-

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tural goods, "on order" meant commodities up to amounts already allocated for the third quarter, and tentatively allocated for the fourth quarter, of 1945. The goods selected by the various lend-lease countries pursuant to these offers are commonly known as pipeline goods.

The total value of pipeline goods selected, by countries, is shown in the following table.

Recipient Country	Estimated Amount (Millions of dollars)
United Kingdom and Colonies	350
Australia	17
New Zealand	7
India	2
U. S. S. R.	244
France	400
Belguim	56
The Netherlands	63
China	48
Brazil	2
Total*	1,189

*Not including Chile, Cuba and Peru.

At the time the pipeline offers were made it was considered probable that deliveries could be completed in regular course some time relatively early in 1946. However, no final delivery date was specified in any of the pipeline contracts, since under Section 3 (c) of the Lend-Lease Act as amended by Public Law No. 31, Seventy-ninth Congress, the powers of the President to carry out contracts or agreements made with foreign governments before July 1, 1946, are continued until July 1, 1949, a date amply distant to permit completion of deliveries.

The pipeline deliveries have for the most part already been accomplished. The pipeline of agricultural commodities, measured by allocations rather than by contracts to supply specified items, is being terminated completely as of December 31, 1946. However, of the industrial pipeline, goods of a value ranging from $15,000,000 to $30,000,000, depending on the effects of the recent coal strike, will still remain undelivered on December 31, 1946, due to unforeseen delays caused by such factors as material shortages, strikes, and adverse weather conditions.

The terms of the pipeline agreements made with foreign governments are such as to require the delivery of these goods even though such delivery cannot be made before the end of the calendar year. The Congress in the

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Third Deficiency Appropriation Act, 1946, placed a limitation on the use of the funds appropriated by that act to the Treasury for administrative expenses incident to the pipelines, prohibiting the use of any such funds for expenses incident to the shipment of the pipeline goods after December 31, 1946. In view of the importance of fulfilling commitments which the United States has made to other governments, and the desirability of avoiding financial loss from contract cancellation charges and from the sale of surplus equipment at depreciated values, arrangements are contemplated which will make possible the remaining pipeline deliveries in a manner consistent with the existing legislation.

* * * * * * *

Administration

During the period covered by this report the administration of the Lend-Lease Act has been in the Department of State, having been transferred to that Department from the Foreign Economic Administration by Executive Order 9630, effective October 20, 1945. Effective the same day the authority of the Secretary of State to administer the act was delegated to Mr. Thomas B. McCabe, Foreign Liquidation Commissioner. Upon Mr. McCabe's resignation from Government service on September 20, 1946, the administration of the act was delegated to Mr. Chester T. Lane as Lend-Lease Administrator. Mr. Lane, as Deputy Foreign Liquidation Commissioner, had since January 14, 1946, been in charge of lend-lease operations under Mr. McCabe's general supervision.

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Chapter 4

FISCAL OPERATIONS

An important operation from the beginning of the lend-lease program has been the collection of amounts due to the United States resulting from various types of lend-lease transactions. These transactions include cash reimbursement lend-lease requisitions, transfers upon agreement by the recipient government to pay the landed cost of the articles, and various 3 (c) or pipeline agreements.

As described in the Twenty-First Report to Congress, many lend-lease articles were transferred under requisitions in which the recipient governments agreed to reimburse the United States in full for the cost of the articles. Although it has been the general practice to require cash to be deposited at the time of clearance of these cash reimbursement requisitions, it has not always been possible to ascertain the exact cost of the articles prior to completion of procurement and shipment. As a result, extensive accounting and billing operations are required in order to assure that the amount due the United States is collected. This function was transferred to the Treasury Department by Executive Order 9726 of May 17, 1946. More than $300,000,000 has been advanced by foreign governments and used to finance the procurement of articles for those governments.

The final accounting for amounts due under requisitions in which the foreign governments agreed to pay the full landed cost of the articles transferred is also the responsibility of the Office of Lend-Lease Fiscal Operations of the Treasury Department. Because of financial and budgetary problems existing in various countries, the collection of these amounts has occasionally been delayed, and in some cases extensive refunding operations have been necessary in order to assure ultimate payment to the United States. In addition, auditing and accounting operations, similar to those arising under cash reimbursement requisitions, are necessary. Up to the present time collection for transfers under these transactions have exceeded $800,000,000.

Another operation, which has resulted in the collection of approximately $200,000,000, is the sale of raw materials received by the United States from foreign governments under reciprocal aid. These articles were brought to the United States by the U. S. Commercial Company and sold

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through regular trade channels in this country. The proceeds are added to the sums received from foreign governments in consideration of lend-lease aid rendered. A considerable amount of accounting remains in this operation. Part of the reverse lend-lease deliveries is handled on what is called a "government to private" basis. Under this arrangement the United States Government agency buys the material from private dealers abroad. After delivery in the United States, a statement is prepared by the Office of Lend-Lease Fiscal Operations of the Treasury Department and forwarded to the foreign government for reimbursement. When paid for in this manner, the value of the goods is recorded as reverse lend-lease aid to the United States.

Since the beginning of the lend-lease program, cash reimbursement and related lend-lease transactions have resulted in collections of more than $1,300,000,000.

Under the 3 (c) and other pipeline agreements, some of which have been incorporated in the final lend-lease settlement agreements, collections from the various lend-lease governments may reach $2,000,000,000 more. Under settlement agreements already concluded, $1,035,000,000 will be paid to the United States. Before this sum is finally paid to the United States, it will be necessary for the Treasury Department to prepare periodic billings showing the exact amounts due under all the agreements requiring extensive auditing of procurement accounts and vouchers for storage and other incidental expenses, and frequent conferences with representatives of the United States agencies and of foreign governments.

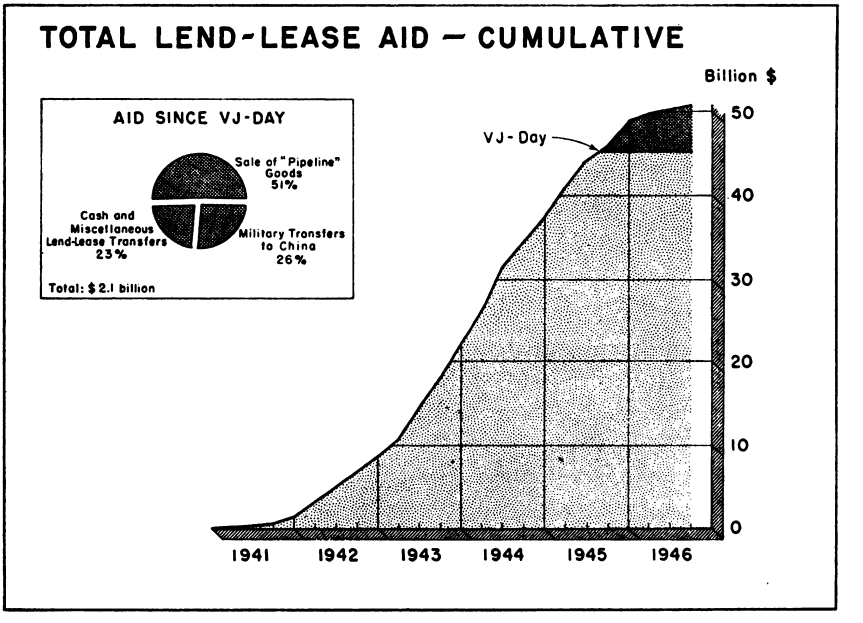
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Chapter 5

LEND-LEASE AID

Total lend-lease aid reported from the beginning of the program on March 11, 1941, through September 30, 1946, amounted to $50,692,000,000. This total amount includes, in addition to the lend-lease aid supplied directly to our Allies during the war, the following items: Pipeline shipments since VJ-day, sold on long-term credit, $1,150,000,000; production facilities in the United States erected with lend-lease funds, $720,000,000; and transfers to United States agencies of goods originally procured with lend-lease funds, $748,000,000.

Limited transfers of goods and services classified as lend-lease aid have been made since September 30. These have included a relatively small quantity of goods sold under the pipeline agreements and which had not been transferred as of that date.



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In the period from VJ-day, on September 2, 1945, through September 30, 1946, lend-lease aid amounted to $2,113,000,000. Approximately one-half of this amount represented goods in the so-called pipeline, as defined in Chapter 3 of this report. Such goods were sold to the lend-lease countries on long-term credit terms. The value of goods transferred under these sales agreements is included in the lend-lease aid totals, even though the United States is being paid for them. The remainder of lend-lease aid in the period subsequent to VJ-day consisted largely of field transfers by the United States Army to the Chinese forces, shipping services prior to November 1, 1945, and certain transfers to relieve hardship in devastated areas.

The British Empire received 65 percent of the total lend-lease aid charged to foreign governments and the U. S. S. R. received 23 percent. These two countries with France and China combined received nearly 98 percent of the total. China was the principal recipient of lend-lease aid in the post-VJ-day period. Statistics by country are given in Table 2, page 27.

Total aid through September 30, 1946, amounted to $50,692,000,000, compared with total funds made available for lend-lease of more than $66,000,000,000. (See Appendix I, page 32.)

Lend-lease settlements had been made as of September 30, 1946, with countries which had received aid amounting to more than $34,000,000,000, or approximately 70 percent of the total aid charged to foreign governments. As a result of these agreements the United States is receiving payments, to be made over extended periods, totaling $1,035,000,000. That represents part of the direct realization to the United States from lend-lease, which also includes cash payments by foreign governments for articles received under lend-lease amounting to $1,033,000,000; reverse lend-lease aid received by the United States during the war valued at $7,819,000,000; and additional sales of goods in the pipeline. The total of these items exceeds 10 billion dollars. In addition to the amount realized to date, settlements remaining to be negotiated with foreign governments will result in the realization of a substantial sum. Lend-leased items returned and to be returned will raise the return from lend-lease still higher.

Supply Program for Italy

During the military campaign in Italy, the War Department, in conjunction with other allied armies, provided food and medical supplies to the people of Italy in quantities intended to prevent disease and unrest. This was regarded as a military necessity. In addition, certain industrial rehabilitation supplies, equally important to the maintenance of civilian morale during the campaign, were sent to Italy at the request of the War Department. After the European campaign was over the War Department believed that the continuation of these shipments was not a proper function of the War Department, but it was evident to all the United States

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SUMMARY OF LEND-LEASE AID

As of September 30, 1946

Classification	Amount, Millions of Dollars	Percent of Total
By Period:		
Prior to VJ-day	48,579	95.8
After VJ-day*	2,113	4.2
Total	50,692	100.0
By Country:		
British Empire	31,392	61.9
U. S. S. R.	11,298	22.3
France	3,234	6.4
China	1,565	3.1
American Republics	459	0.9
Other countries	653	1.3
Not charged to foreign governments	2,091	4.1
Total	50,692	100.0
By Type:		
Military supplies	26,782	52.8
Petroleum products	2,731	5.4
Industrial materials and products	8,360	16.5
Foods and other agricultural products	6,682	13.2
Services and other costs	6,137	12.1
Total	50,692	100.0

*Transfers of goods sold on credit terms to lend-lease countries under the pipeline agreements account for approximately one-half of total lend-lease aid subsequent to VJ-day. Transfers of supplies by the United States Army to Chinese forces under lend-lease make up more than one-fourth of the total.

Table 1

Government agencies concerned that continued shipments of food and basic supplies to Italy were necessary if a complete economic collapse was to be avoided.

Because such a collapse would adversely affect our troops still in Italy and also our long-term economic and political aims in the country, Mr. Leo T. Crowley, Administrator of the Foreign Economic Administration, and Mr. John S. McCloy, Assistant Secretary of War, on June 15, 1945,

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jointly proposed to the subcommittee of the House Committee on Appropriations that $100,000,000 of lend-lease funds be earmarked for basic supplies for Italy. Together with supplies already purchased by the War Department, these articles would serve as an interim measure to maintain the flow of essential supplies through December 31, 1945, by which time long-term provision of assistance to Italy could be arranged. The supplies acquired through the use of these lend-lease funds were to be transferred to the War Department for subsequent distribution. An additional $40,000,000 was allocated for the expense of shipping supplies to Italy.

Under this program, called the YB program, the United States, between September 1945 and June 1946, shipped almost 3,000,000 short tons of wheat, flour, coal, petroleum products, cotton, and other food and industrial supplies, at a cost of $136,000,000, including freight.

Concurrently with the YB program, industrial supplies and machinery were shipped to Italy under the Troop Pay or YT program. The purchase and shipment of supplies for this program were financed out of a special dollar account established by the Italian Government in the United States Treasury, to which was credited the net dollar equivalent of Italian lire given to our troops in Italy for their pay. Under this program 423,000 tons of miscellaneous industrial supplies, with a landed cost of $73,000,000, were shipped to Italy. Although no United States Government funds were used for this program, it was managed through the same mechanism as the program financed with lend-lease funds.

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LEND-LEASE AID, BY COUNTRY

[Thousands of Dollars]

Country	Mar. 11, 1941, to VJ-day (Sept. 2, 1945)	Sept. 2, 1945, to Sept. 30, 1946	Total, Mar. 11, 1941, to Sept. 30, 1946
British Empire	30,949,870	442,491	31,392,361
U. S. S. R.	11,058,833	239,050	11,297,883
France and Possessions	2,842,082	391,777	3,233,859
China	870,435	694,263	1,564,698
Netherlands and Possessions	182,000	66,896	248,896
Belgium	90,278	68,320	158,598
Greece	71,697	3,907	75,604
Norway	45,820	6,683	52,503
Yugoslavia	32,000	36	32,036
Turkey	27,397	60	27,457
Saudi Arabia	14,988	2,543	17,531
Poland	16,874	80	16,954
Liberia	7,237	0	7,237
Ethiopia	5,152	100	5,252
Iran	4,798	0	4,798
Iceland	4,797	12	4,809
Egypt	1,016	44	1,060
Czechoslovakia	349	154	503
Iraq	4	0	4
American Republics:			
Argentina	0	0	0
Bolivia	5,155	456	5,611
Brazil	326,913	4,738	331,651
Chile	21,499	381	21,880
Colombia	8,120	7	8,127
Costa Rica	155	0	155
Cuba	6,083	10	6,093
Dominican Republic	1,594	20	1,614
Ecuador	6,979	562	7,541
Guatemala	1,779	0	1,779
Haiti	1,437	6	1,443
Honduras	374	0	374
Mexico	38,468	149	38,617
Nicaragua	902	0	902
Panama	84	0	84
Paraguay	1,963	2	1,965
Peru	18,553	480	19,033
Salvodor	894	0	894
Uruguay	7,132	9	7,141
Venezuela	4,407	11	4,418
Not charged by country	1,900,805	189,939	2,090,744
Total Lend-Lease Aid	48,578,923	2,113,186	50,692,109

Table 2

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LEND-LEASE AID—BY CATEGORY

March 11, 1941–September 30, 1946

Category	Amount
Ordnance	$1,433,601,000
Ammunition	2,957,410,000
Aircraft:	
Bombers	2,692,592,000
Pursuit and fighter planes	1,783,824,000
Other planes	844,417,000
Total	5,320,833.000
Aeronautical material:	
Spare engines and parts	1,146,868,000
Propellers and parts	245,010,000
Other equipment	1,855,840,000
Total	3,247,718,000
Ordnance vehicles and parts:	
Tanks	2,595,067,000
Other ordnance vehicles	848,786,000
Spare engines and parts	338,100,000
Total	3,781,953,000
Motor vehicles and parts:	
Trucks	1,829,758,000
Automobiles	2,275,000
Other vehicles and parts	714,902,000
Total	2,546,935,000
Watercraft:	
Combatant vessels	1,663,846,000
Naval auxiliary and small craft	994,989,000
Merchant vessels	899,302,000
Other equipage, services, supplies and materials	499,305,000
Total	4,057,442,000
Petroleum products	2,731,199,000
Military clothing	639,036,000
Signal equipment and supplies	1,236,888,000
Engineer equipment and supplies	808,648,000
Chemical warfare equipment	236,551,000
Other military equipment and supplies	966,763,000

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LEND-LEASE AID—BY CATEGORY—Continued

March 11, 1941–September 30, 1946

Category	Amount
Industrial equipment and commodities:	
Machine tools	$888,484,000
Agricultural implements	102,305,000
Electrical equipment and supplies	421,868,000
Railroad equipment and supplies	545,564,000
Iron and steel	1,224,883,000
Copper and brass	248,118,000
Aluminum	162,662,000
Silver	293,006,000
Other metals and minerals	519,641,000
Fertilizers	20,961,000
Other chemicals	299,384,000
Rubber and rubber products	107,034,000
Textiles and clothing	198,960,000
Timber products	238,774,000
Other equipment and commodities	3,088,979,000
Total	8,360,623,000
Food:	
Dairy products and eggs	1,749,690,000
Meat and fish	2,010,640,000
Fruits and vegetables	522,320,000
Grain and cereals	302,428,000
Sugar	225,677,000
Lard, fats, and oils	645,389,000
Other foodstuffs	372,572,000
Total	5,828,716,000
Other agricultural products:	
Cotton	519,487,000
Tobacco	272,112,000
Seeds	50,139,000
Other products	11,175,000
Total	852,913,000
Total transfers	45,007,229,000
Services rendered	3,594,136,000
Lend-lease costs not charged to foreign governments:	
Production facilities in United States	720,388,000
Transfers to Federal agencies	747,683,000
Losses on inventories and facilities	11,763,000
Administrative expenses	35,486,000
Miscellaneous charges	575,424,000
Total	2,090,744,000
Total lend-lease aid	50,692,109,000

Table 3

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REVERSE LEND-LEASE AID RECEIVED BY THE UNITED STATES, BY CATEGORY AND COUNTRY

Cumulative to September 2, 1945*

Category	Amount
Capital installations	$1,664,915,000
Foodstuffs	512,875,000
Clothing	91,089,000
Petroleum and coal products	1,684,629,000
Air Force supplies and equipment	474,622,000
Other military supplies and equipment	1,189,739,000
Shipping and other transportation	1,349,421,000
Other services	504,744,000
Raw materials and food shipped to United States	347,288,000
Total	7,819,322,000

Country	Amount
United Kingdom	$4,975,478,000
Fiji Islands	9,482,000
Nigeria	3,087,000
Gold Coast	7,496,000
Other Colonies	6,988,000
Total from United Kingdom	5,002,531,000
Australia	888,440,000
New Zealand	251,732,000
India	608,500,000
Union of South Africa	870,000
Total British Empire	6,752,073,000
France	760,696,000
French Africa	107,085,000
Belgium	182,603,000
Belgian Congo	339,000
Luxembourg	8,273,000
Netherlands	1,133,000
Netherlands—Curacao and Surinam	1,235,000
China	3,672,000
U. S. S. R.	2,213,000
Total	7,819,322,000

* Revised as of September 30, 1946.

Table 4

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APPENDIXES

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Appendix I

FUNDS MADE AVAILABLE FOR LEND-LEASE

I. Lend-Lease Appropriations to the President

First Lend-Lease Appropriation (March 27, 1941)	$7,000,000,000
Second Lend-Lease Appropriation (October 28, 1941)	5,985,000,000
Third Lend-Lease Appropriation (March 5, 1942)	5,425,000,000
Fourth Lend-Lease Appropriation (June 14, 1943)	6,273,629,000
Fifth Lend-Lease Appropriation (June 30, 1944)	3,538,869,000
Sixth Lend-Lease Appropriation (July 5, 1945)	2,475,000,000
Total	30,697,498,000
Deduct:	
Rescission of lend-lease appropriations (February 19, 1946)	1,739,561,000
Rescission of lend-lease appropriations (May 27, 1946)	945,000,000
Rescission of lend-lease appropriations (July 23, 1946)	672,000,000
Transfer to Treausry Department (Coast Guard)	12,966,000
Transfer to UNRRA	385,000,000
Reserve for postwar price support of agriculture	500,000,000
Total deductions	4,254,527,000
Net appropriations available for lend-lease	26,442,971,000

II. Transfers Authorized from Other Appropriations

Acts appropriating funds to the War and Navy Departments provided that defense articles, information and services procured from such funds could be transferred under lend-lease up to specified maximum amounts, which are shown below:

War Department:	
Third Supplemental, 1942	$2,000,000,000
Fourth Supplemental, 1942	4,000,000,000
Fifth Supplemental, 1942	11,250,000,000
Sixth Supplemental, 1942	2,220,000,000
Military Appropriation Act, 1943	12,700,000,000
Navy Department: Second Supplemental, 1943	3,000,000,000
Departments Other Than War: Third Supplemental, 1942	800,000,000
Total	35,970,000,000

NOTE.—In addition to the foregoing, Congress with certain limitations authorized the leasing of ships of the Navy and merchant ships constructed with funds appropriated to the Maritime Commission without any numerical limitation as to the dollar value or the number of such ships which may be so leased. (See for example, Public Law 1, 78th Cong., approved February 19, 1943, and Public Law 11, 78th Cong., approved March 18, 1943.)

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III. Total Funds Made Available for Lend-Lease

Maximum provided, as of September 30, 1946 (not including the leasing of ships) (total of I and II)	$62,412,971,000

IV. Disposition of Funds

Obligations and expenditures:	
Lend-lease appropriations	$25,988,759,000
War Department	19,348,763,000
Navy Department	4,615,790,000
Maritime Commission (War Shipping Administration)	620,647,000
Coast Guard	12,966,000
Total	*50,586,925,000

*The net difference between this figure and the reported total amount of lend-lease aid is accounted for by the aid supplied from foreign government funds, the reissues of returned lend-lease articles, and the excess of obligations of funds over the amount of aid rendered.

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Appendix II

LEND-LEASE ACT

AN ACT further to promote the defense of the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States".

Section 2.

As used in this Act—

(a) The term "defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article described in this subsection;

(4) Any agricultural, industrial or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection: Manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

Section 3.

(a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph, except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed $1,300,000,000.[1] The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency or officer

[1] Reduced to $800,000,000 and made inapplicable to the War Department by Section 102, Public Law 353, 77th Congress. See page 38.

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as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.[2]

(c) After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier.[3]

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

Section 4.

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense article or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

Section 5.

(a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any

[2] Section 3 (b) was amended by section 2 of Public Law 304, 78th Congress. See page 39.

[3] Section 3 (c) was amended by Public Law 9, 78th Congress, Public Law 304, 78th Congress, and Public Law 31, 79th Congress. See pages 39 and 40.

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such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

Section 6.

(a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1946.[4]

Section 7.

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall in all contracts or agreements for the disposition of any defense article or defense information fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owners and holders of such patents.

Section 8.

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

Section 9.

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

[4] Section 6 (b) was amended by Public Law 9, 78th Congress, Public Law 304, 78th Congress and Public Law 31, 79th Congress. See pages 39 and 40.

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Section 10.

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

Section 11.

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

Approved, March 11, 1941. Public Law 11, 77th Congress.

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Appendix III

LEND-LEASE ACT: AMENDMENTS AND EXTENSIONS

PUBLIC LAW 353

77th Congress, 1st Session

AN ACT Making supplemental appropriations for the national defense for the fiscal years ending June 30, 1942, and June 30, 1943, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the national defense for the fiscal years ending June 30, 1942, and June 30, 1943, and for other purposes, namely:

* * * * * * *

TITLE I. WAR DEPARTMENT

GENERAL PROVISIONS

SEC. 102. Whenever the President deems it to be in the interest of national defense, he may authorize the Secretary of War to sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to the government of any country whose defense the President deems vital to the defense of the United States, any defense article procured from funds appropriated for the Military Establishment prior to or since, March 11, 1941, in accordance with the provisions of the Act of March 11, 1941 (Public, Numbered 11). The value of defense articles disposed of in any way under the authority of this paragraph shall not exceed $2,000,000,000, and the limitation of $1,300,000,000 fixed by section 3 (a) (2) of such Act is hereby reduced to $800,000,000 and this latter limitation shall not be applicable to the War Department after the date of the enactment of this Act.

* * * * * * *

SEC. 503. This Act may be cited as the "Third Supplemental National Defense Appropriation Act, 1942."

APPROVED, December 17, 1941.

PUBLIC LAW 474

77th Congress, 2d Session

AN ACT Making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes

* * * * * * *

TITLE III. DEFENSE AID

SEC. 303. The term "defense article" as used in section 102 of the Third Supplemental National Defense Appropriation Act, 1942, approved Decem-

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ber 17, 1941 (Public Law 353), in section 102 of the Fourth Supplemental National Defense Appropriation Act, 1942, approved January 30, 1942 (Public Law 422), in section 301 of the Act of February 7, 1942 (Public Law 441), and in section 102 of this Act shall be deemed to include defense information and services, and the expenses in connection with the procurement or supplying of defense articles, information, and services.

SEC. 304. This title may be cited as the "Second Defense Aid Supplemental Appropriation Act, 1942."

APPROVED March 5, 1942

PUBLIC LAW 9

78th Congress, 1st Session

AN ACT To extend for one year the provisions of An Act to promote the defense of the United States, approved March 11, 1941

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 3 of An Act to promote the defense of the United States, approved March 11, 1941, is amended by striking out "June 30, 1943" wherever it appears therein and inserting in lieu thereof "June 30, 1944"; by striking out "July 1, 1946" and inserting in lieu thereof "July 1, 1947"; and by striking out "July 1, 1943" and inserting in lieu thereof "July 1, 1944"; and subsection (b) of section 6 of such Act is amended by striking out "June 30, 1946" and inserting in lieu thereof "June 30, 1947".

APPROVED, March 11, 1943.

PUBLIC LAW 304

78th Congress, 2d Session

AN ACT To extend for one year the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 3 of an Act to promote the defense of the United States, approved March 11, 1941, as amended, is amended by striking out "June 30, 1944" wherever it appears therein and inserting in lieu thereof "June 30, 1945"; by striking out "July 1, 1947" and inserting in lieu thereof "July 1, 1948"; and by striking out "July 1, 1944" and inserting in lieu thereof "July 1, 1945"; and subsection (b) of section 6 of such Act is amended by striking out "June 30, 1947" and inserting in lieu thereof "June 30, 1948".

SEC. 2. Subsection (b) of section 3 is amended by striking out the period after the word "satisfactory" and inserting the following: ": *Provided, however*, That nothing in this paragraph shall be construed to authorize the President to assume or incur any obligations on the part of the United States with respect to post-war economic policy, post-war military policy or any post-war policy involving international relations except in accordance with established constitutional procedure."

APPROVED, May 17, 1944.

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PUBLIC LAW 31

79th Congress, 1st Session

AN ACT To extend for one year the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 3 of an Act to promote the defense of the United States, approved March 11, 1941, as amended, is amended by striking out "June 30, 1945" wherever it appears therein and inserting in lieu thereof "June 30, 1946"; by striking out "July 1, 1948" and inserting in lieu thereof "July 1, 1949"; and by striking out "July 1, 1945" and inserting in lieu thereof "July 1, 1946"; and subsection (b) of section 6 of such Act is amended by striking out "June 30, 1948" and inserting in lieu thereof "June 30, 1949".

SEC. 2. That subsection (c) of section 3 of such Act is further amended by striking out the period after the word "earlier", inserting a semicolon, and the following new language: "*Provided, however,* That nothing in section 3 (c) shall be construed to authorize the President to enter into or carry out any contract or agreement with a foreign government for postwar relief, postwar rehabilitation or postwar reconstruction; except that a contract or agreement entered into in accordance with this Act in which the United States undertakes to furnish to a foreign government defense articles, services, or information for use in the prosecution of the present war and which provides for the disposition, on terms and conditions of sale prescribed by the President, of any such defense articles, services, or information after the President determines they are no longer necessary for use by such government in promoting the defense of the United States shall not be deemed to be for postwar relief, postwar rehabilitation or postwar reconstruction."

APPROVED, April 16, 1945.

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Appendix IV

SETTLEMENT AGREEMENT WITH FRANCE

Memorandum of Understanding Between the Government of the United States of America and the Provisional Government of the French Republic Regarding Settlement for Lend-Lease, Reciprocal Aid, Surplus War Property, and Claims

1. The Government of the United States of America and the Provisional Government of the French Republic have reached an understanding for the final settlement of lend-lease and reciprocal aid, and of the French obligation to the United States Government under the military supply program (Plan A); the acquisition by the French Government of certain United States Army and Navy surplus property, including installations, located in France and certain French overseas territories, and for the final settlement of other financial claims of each Government against the other arising out of the conduct of the war. In arriving at this understanding both Governments have recognized the considerations expressed in Article VII of their Preliminary Agreement of February 28, 1945, on the principles applying to mutual aid, as well as the benefits accruing to each from the contributions of both to the defeat of their common enemies. In the light of the foregoing, both Governments agree that no further benefits will be sought as consideration for lend-lease and reciprocal aid.

2. The net amount due from the French Government to the United States Government for the foregoing, including all indebtedness arising from provisions of the lend-lease and reciprocal aid agreements of February 28, 1945, is $720,000,000, made up in part of amounts now agreed upon and in part of estimated amounts subject to revision. The latter, for which the best available figures have been used pending their final determination by agreed accounting procedures, represent in the main transfers after September 1, 1945.

3. The French Government will pay interest on the net amount due to the United States Government from July 1, 1946, at the rate of two percent per annum. Such interest payments will be made annually on the first day of July of each of the years 1947 to 1950, inclusive. Beginning on July 1, 1951, interest and principal will be paid in 30 equal annual installments. Each installment shall consist of the full amount of the interest due for the year preceding the July 1 on which the payment is made, and the remainder of the installment shall be the principal due in that year. Nothing herein shall be construed to prevent the French Government from anticipating the payment of any of such installments, or of any part thereof. If, by agreement of both Governments, it is determined that because of extraordinary and adverse economic conditions arising during the course of payment, the payment of any installment would not be in the joint interest of both Governments, payment may be postponed for an agreed upon period.

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To the extent that the terms of payment provided in this paragraph 3 are inconsistent with those contained in previous agreements, the provisions of this paragraph shall prevail.

4. The two Governments have agreed upon arrangements and procedures for the settlement of past and future troop pay and procurement of United States Armed Forces in France and French overseas territories.

5. As and when requested by the United States Government from time to time prior to January 1, 1950, the French Government will transfer to the United States Government real property to be mutually agreed upon and not to exceed a total dollar value of $15,000,000. In addition, the French Government will provide, at the request of the United States Government, francs representing an aggregate dollar value not in excess of $10,000,000. Any francs so transferred will be furnished at the exchange rate established in conformity with procedures of the International Monetary Fund, or if no such rate exists, at the rate used in official French Government transactions at the time of such transfer. The United States Government will use francs so transferred exclusively to acquire or improve real property for United States Government use or to carry out educational programs agreed between the two Governments.

Transfers made in accordance with this paragraph 5 will be credited first to interest then due and then to installments of principal in direct order of maturity.

6. The two Governments have also agreed upon the following:

(*a*) All claims and financial obligations between the two Governments arising out of the acquisition, operation, disposition or loss of French vessels and cargoes of such vessels while under United States control will be settled by the United States for $17,500,000 in accordance with the provisions of an agreement relating to the purchase by France of up to 75 Liberty ships.

(*b*) Both Governments express their intention of entering into a maritime claims agreement, providing for the mutual waiver of intergovernmental claims arising from maritime accidents, and for the handling by each Government of claims asserted in its courts by its nationals against the other Government and based on maritime accidents occurring prior to November 1, 1945.

(*c*) As part of the general settlement, the French Government has agreed to process and pay all unpaid claims of French residents against the United States Government arising out of the use or infringement in war production of patent rights held by them, out of the requisitioning by the United States Government for use in the war program of any property interest owned by French residents, and out of acts or omissions prior to July 1, 1946, in France or French overseas territories of members of the United States Armed Forces or civilian personnel attached to such Forces.

(*d*) During the course of the negotiations both Governments have reached agreement on the disposition of certain specific claims of one Government against the other. All other financial claims of either Government against the other, except where liability has heretofore been acknowledged and the method of computation agreed, which (1) arose out of lend-lease or reciprocal aid, or (2) otherwise arose on or after September 3, 1939, and prior to September 2, 1945, out of or incidental to the conduct of the war, not otherwise dealt with in this Memorandum of Understanding, are hereby waived.

(*e*) Appropriate nondiscriminatory treatment will be extended by the French Government to United States nationals in the use and disposition

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of installations in the building of which there has been a United States Government contribution and which are transferred under this settlement.

(*f*) The United States Government reserves its right of recapture of any lend-lease articles held by the French Armed Forces, except petroleum products and an agreed list of noncombat aircraft. The United States Government has indicated that it does not intend to exercise generally this right of recapture, except that vessels of the United States Navy and lend-lease merchant vessels are to be returned to the United States Government unless otherwise agreed.

(*g*) Disposals for military use to forces other than the French Armed Forces of lend-lease articles held on September 2, 1945, or received thereafter by the French Armed Forces, and disposals for civilian use other than in France and French overseas territories of such lend-lease articles, will be made only with the consent of the United States Government and any net proceeds will be paid to the United States Government. The French Government will not, except to a very limited extent, release for civilian use in, or export from, France and French overseas territories lend-lease articles held by the French Armed Forces.

(*h*) Except as otherwise provided in this Memorandum of Understanding, the French Government and the United States Government receive full title to lend-lease and reciprocal aid articles respectively held as of September 2, 1945, or transferred thereafter. If any United States surplus installation not transferred under this Memorandum of Understanding contains a lend-lease interest, such lend-lease interest is retained by the United States.

(*i*) The United States Government will undertake to make available to the French Government part of the United States Government's share of captured German and Japanese surface naval vessels when such vessels become excess to United States needs and are no longer needed for any task connected with the implementation of the German and Japanese surrenders.

7. The two Governments agree to conclude such specific agreements as may be necessary to implement this general understanding.

8. This Memorandum of Understanding will be effective upon signature, and instruments of ratification will be exchanged as soon as possible.

Done at Washington, in duplicate, in the English and French languages, both texts being equally authentic, this 28th day of May 1946.

For the Government of the United States of America:

(Sgd.) JAMES F. BYRNES.

For the Provisional Government of the French Republic:

(Sgd.) LEON BLUM.

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Appendix V

SETTLEMENT AGREEMENT WITH INDIA

Agreement Between the Government of the United States of America and the Government of India on Settlement for Lend-Lease, Reciprocal Aid, Surplus War Property, and Claims

The Government of the United States of America and the Government of India have reached agreement as set forth below regarding settlement for lend-lease, reciprocal aid, and surplus war property located in India and for the financial claims of each Government against the other arising as a result of World War II. This settlement is complete and final. Both Governments, in arriving at this settlement, have taken full cognizance of the benefits already received by them in the defeat of their common enemies, and of the aid furnished by each Government to the other in the course of the war, and no further benefits will be sought as consideration for lend-lease, reciprocal aid and surplus war property, or for the settlement of claims or other obligations arising out of the war, except as herein specifically provided.

1. (a) The term "lend-lease article" as used in this Agreement means any article transferred by the Government of the United States under the Act of March 11, 1941,

(i) to the Government of India, or

(ii) to any other government and retransferred to the Government of India.

(b) The term "reciprocal aid article" as used in this Agreement means any article transferred by the Government of India to the Government of the United States under reciprocal aid.

2. No payment will be made by either Government to the other on account of lend-lease and reciprocal aid articles and services transferred or retransferred at any time to either Government.

3. The Government of India agrees that no payment will be required from the Government of the United States on account of articles and services furnished to the United States armed forces in India between September 2, 1945, and May 31, 1946, both dates inclusive.

4. (a) The Government of India hereby acquires full title, without qualification as to disposition or use, to all lend-lease articles now in the possession of the Government of India (including lend-lease components of installations located in India and all lend-lease petroleum products in India other than aviation gasoline) except lend-lease articles described in Section 5 hereof.

(b) The Government of the United States agrees to complete as early as possible the transfer (which term, except as hereinafter provided, shall include delivery aboard ocean vessel in a United States port) of the articles selected by the Government of India which were covered by lend-lease

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requisitions filed by the Government of India with the Foreign Economic Administration and which were under contract, or were completed, but had not been transferred, on September 2, 1945. Such transfer will be made in the quantities and according to the specifications and other conditions, except as to time of delivery, set forth in the covering requisitions, to the extent that such articles are or will be available to the Government of the United States for transfer to the Government of India. Title to the articles covered by this paragraph shall pass to the Government of India immediately upon loading of the articles on board ocean vessel in a United States port, provided that risk of loss not recoverable from the supplier, carrier or other third party, shall be assumed by the Government of India upon shipment from the factory or other premises of the supplier. Title to any articles that shall not have been loaded on board ocean vessel in a United States port prior to midnight on July 31, 1946, or two months after receipt by the Government of India of notice of availability, whichever is later, shall be deemed to have been transferred as of such later date, and thereafter the Government of India shall be responsible for storing and moving such articles within the United States and for delivering such articles aboard ocean vessel in a United States port. The Government of the United States will pay the cost of ocean transportation to India on United States flag vessels only of such of the articles covered by this paragraph as are loaded aboard ocean vessel prior to July 1, 1946.

(c) The Government of the United States shall be deemed to have acquired, as of September 2, 1945, full title, without qualification as to disposition or use, to all reciprocal aid articles in the possession of the Government of the United States on that date, and to all articles furnished to the United States armed forces in India after that date, except that any reciprocal aid articles or other articles furnished to the United States armed forces in India and incorporated into installations in India are hereby deemed to be returned to the Government of India as of the date the United States armed forces relinquish possession of such installations.

5. (a) The Government of the United States, in paragraph 12 of the Agreement Relating to Military Holdings (No. IV) dated March 27, 1946, between the Governments of the United States and of the United Kingdom, recognized that a proportion of United Kingdom lend-lease military holdings in India would be earmarked, as of April 1, 1946, for the requirements of the forces under command of the Commander-in-Chief India, and consented to the transfer of such holdings by the Government of the United Kingdom to the Government of India. In that Agreement, it was stated that the conditions governing the use and disposal of the lend-lease articles so earmarked would form the subject of negotiations between the Governments of the United States and of India. The transfer to the Government of India of those articles is hereby effected and the privileges of the Government of the United Kingdom and its obligations to the Government of the United States under that Agreement with respect to such articles are no longer operative. The privileges of the Government of India and its obligations to the Government of the United States with respect to such articles shall be those defined in this Agreement and shall be compatible with the principles of international security and welfare set forth in the Charter of the United Nations.

(b) The Government of the United States hereby agrees that the lend-lease Harvard (AT–6 or AT–16) and Cornell (PT–26) aircraft and related spares now in the possession of the Royal Indian Air Force shall be

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treated in the same manner, and shall be subject to the same privileges and obligations, as the lend-lease articles covered by paragraph (a) above.

(c) The articles described in paragraphs (a) and (b) above will be referred to in this Agreement as "lend-lease articles in the possession of the armed forces under command of the Commander-in-Chief India".

(d) The Government of the United States hereby consents to the transfer, for purposes compatible with the principles of international security and welfare set forth in the Charter of the United Nations, of any lend-lease articles in the possession of the armed forces under command of the Commander-in-Chief India, to the United Kingdom armed forces without prior authority of the Government of the United States subject to the following understandings:

(i) Subsequent reports, in such practicable form and detail as may later be mutually agreed, regarding transfers of such articles will be made to the Government of the United States;

(ii) The Government of the United States reserves the right to reopen with the Government of India the question of requiring prior consent of the Government of the United States to such transfers, should there be a material change in the existing arrangements between the United Kingdom armed forces and the armed forces of the Government of India.

(e) The Government of the United States, with respect to lend-lease articles in the possession of the armed forces under command of the Commander-in-Chief India, reserves the right to recapture any such articles which, as of the date upon which notice requesting return is received by the Government of India, are in the possession of the armed forces under command of the Commander-in-Chief India, although the Government of the United States does not intend to exercise generally this right of recapture. In respect of cases where it wishes from time to time to exercise its right of recapture, the Government of the United States will give reasonable notice of its intention and will provide full opportunity to the Government of India for discussion of that Government's need for the articles in question, without limiting the right of recapture.

(f) The Government of India will not, without prior consent of the Government of the United States, or except as specifically provided in this Agreement, transfer lend-lease articles in the possession of the armed forces under command of the Commander-in-Chief India to any other government outside India for military use, or dispose of such articles for civilian use outside India, whether by sale, loan or otherwise, but such articles may be transferred, used or disposed of in India without restriction. Transfers made under provisions of this paragraph will be made only for purposes compatible with the principles of international security and welfare set forth in the Charter of the United Nations.

(g) Those articles in the United Kingdom military holdings in India which have been or may be declared by the Government of the United Kingdom as surplus to its requirements are to be retransferred for civilian use in India to the Government of India, and the Government of the United States, in consideration of the mutual undertakings described in this Agreement, hereby consents to the retransfer to the Government of India of such articles for civilian use in India; and the Government of India, may, without restriction, use in India, or dispose of for use in India, any such articles, without giving rise to any liability to the Government of the United States. It is recognized by the

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Government of the United States that the estimates provided by the Government of India of the types and quantities of the articles covered by this paragraph represent an indication of the order of the quantities involved which, although providing a fair measure of the overall amount covered, will be subject to variations as to particular items and quantities.

6. (a) The Government of India hereby assumes responsibility for the settlement and payment of claims against the Government of the United States or members of the United States armed forces, arising from acts or omissions occurring before June 1, 1946, in the course of military duties of members of the United States armed forces in India to the same extent as the Government of India assumed responsibility under reciprocal aid prior to September 2, 1945.

(b) Except as provided in this Agreement, financial claims between the two Governments arising out of existing arrangements, where the liability for payment has heretofore been acknowledged and the method of computation mutually agreed, are not covered by this settlement as they will be settled in accordacce with such arrangements.

(c) Notwithstanding any other provisions of this Agreement, the following claims will be settled in accordance with procedures already established or to be established after appropriate discussion:

(i) Claims arising out of cash reimbursement lend-lease requisitions filed by the Government of India, and

(ii) claims arising out of lend-lease requisitions for locomotives and rolling stock in which the Government of India agreed to pay for the postwar use of such equipment.

(d) In consideration of the undertakings in this Agreement, and with the objective of arriving at as comprehensive a settlement as possible and of obviating protracted negotiations between the two Governments, all other financial claims whatsoever of one Government against the other which arose out of lend-lease or reciprocal aid, or otherwise arose on or after September 3, 1939 and prior to September 2, 1945, out of or incidental to the conduct of World War II, and which are not otherwise dealt with in this Agreement, are hereby waived, and neither Government will hereafter raise or pursue any such claims against the other.

7. (a) The Government of the United States, in consideration of the mutual undertakings described in this Agreement, hereby acknowledges that the Government of India has acquired full title to all United States property in India which has heretofore been declared to the Office of the Foreign Liquidation Commissioner, United States Department of State, as surplus to the requirements of the United States Department of State or the United States War or Navy Departments, and which has heretofore been delivered to the Government of India or is in the process of being delivered to the Government of India; and will hereafter acquire full title to all United States property in India hereafter declared to the Office of the Foreign Liquidation Commissioner, United States Department of State, as surplus to the requirements of the United States Department of State or the United States War or Navy Departments.

(b) The Government of India will undertake and vigorously prosecute a program of disposal of the property described in paragraph (a) above with a view to obtaining the best possible return therefor, but such disposal shall be in conformity with such directives as the Government of India has issued and may issue from time to time which apply equally to the disposal of its own surplus and those of the Government of the United

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Kingdom. This disposal program will be so conducted as to accord the same treatment to the property described in paragraph (a) above and to surpluses of the Government of the United Kingdom located in India and of the Government of India. Members and veterans of the United States armed forces in India, United States agencies, citizens, corporations, firms and nonprofit institutions in India and the United Nations Relief and Rehabilitation Administration will be accorded opportunity to buy on the same basis as is accorded to other buyers of like character in India.

(c) The Government of India agrees to report to the Government of the United States, at quarterly periods, beginning September 30, 1946, the amount of proceeds in rupees arising from the disposal of the property covered by this section. The term "proceeds" as used herein means the gross proceeds received by the Director General of Disposals of the Government of India from the sale of such property, minus the normal customs duties paid by buyers of imported goods, as collected by the Government of India through inclusion of such customs duties in the price of the property sold. Any of the property covered by this section which the Director General of Disposals sells to any department of the Government of India shall be priced in the same manner as property sold to other parties in India.

(d) Disposal of the property covered by this section shall be continued until such time as the Government of India determines that further disposal cannot be made on a profitable basis. At the time such determination is made, or July 1, 1948, whichever is earlier, the Government of India will render to the Government of the United States a final report of the proceeds in rupees received by the Government of India for the property covered by this section.

(e) Upon rendition of the final report described in paragraph (d) above, the Government of the United States shall become entitled to an amount equal to one-half of the excess of the proceeds described in the final report over a sum equivalent to $50,000,000 converted at the rate of exchange between dollars and rupees now in effect. The Government of the United States will receive the amount to which it is entitled by any of the following methods or by any combination thereof designated by the Government of the United States:

(i) Delivery of title to the Government of the United States by the Government of India, of real property and improvements of real property in India as selected and determined by agreement between the two Governments;

(ii) by establishment of a rupee fund for expenditure by the Government of the United States, in accordance with agreements to be reached between the two Governments, for carrying out educational and cultural programs of benefit to the two countries;

(iii) should any balance remain after meeting the requirements described in paragraphs (i) and (ii) above, by payment in rupees to the Government of the United States for defraying the governmental expenses of the United States in India.

(f) The Government of India agrees that it will not cause the exportation to the United States, its territories or possessions, of any of the surplus property covered by this Agreement in the same, or substantially the same form, if such property was originally produced in the United States and is readily identifiable as such, and agrees that it will not resell any of the property concerned to any person, firm, or government for the purpose

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of export to the United States, its territories or possessions, contrary to any statute or regulation of the Government of the United States as notified by the Government of the United States.

(g) The provisions of this Agreement supersede all previous agreements between the Governments of the United States and of India relating to United States surplus property.

8. The Government of India, when it disposes of articles acquired pursuant to paragraphs 4 (a), 4 (b), 5 (g) and 7 (a) of this Agreement, will use its best endeavors to avoid discrimination against the legitimate interests of the United States manufacturers or producers of such articles, or their agents or distributors in India.

9. The Government of India reaffirms its intention to negotiate at a future date for the use and convertibility of rupee balances held by the Government of the United States in India, as a consequence of the disposal by the Office of the Foreign Liquidation Commissioner, of United States surplus property in India not covered by this Agreement. Pending such negotiations, these rupee balances may be used to defray governmental expenses of the Government of the United States in India.

10. Nothing in this Agreement affects any obligation entered into by the Government of India in connection with any silver transferred by the Government of the United States under lend-lease.

11. This Agreement shall take effect as from this day's date.

DONE, in duplicate, at Washington this sixteenth day of May 1946.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

DEAN ACHESON

Acting Secretary of State
of the United States of America

FOR THE GOVERNMENT OF INDIA:

A. A. WAUGH:

Member for Industries and Supplies,
Viceroy's Executive Council, Government of India

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Appendix VI

SETTLEMENT AGREEMENT WITH AUSTRALIA

Agreement Between the Government of the United States of America and the Government of the Commonwealth of Australia on Settlement for Lend-Lease, Reciprocal Aid, Surplus War Property, and Claims

The Government of the United States of America and the Government of the Commonwealth of Australia (hereinafter referred to as the Commonwealth of Australia) have reached agreement as set forth below regarding settlement for lend-lease, reciprocal aid, and surplus war property located in Australia and for the financial claims of each Government against the other arising as a result of World War II. This settlement is complete and final. Both Governments, in arriving at this settlement, have taken full cognizance of the benefits already received by them in the defeat of their common enemies, and of the aid furnished by each Government to the other in the course of the war. No further benefits will be sought as consideration for lend-lease, reciprocal aid and surplus war property, or for the settlement of claims or other obligations arising out of the war, except as herein specifically provided.

1. (a) The term "lend-lease article" as used in this Agreement means any article transferred by the Government of the United States under the Act of March 11, 1941

(i) to the Commonwealth of Australia, or

(ii) to any other government and retransferred to the Commonwealth of Australia.

(b) The term "reciprocal aid article" as used in this Agreement means any article transferred by the Commonwealth of Australia to the Government of the United States under reciprocal aid.

2. In recognition of the mutual wartime benefits received by the two Governments from the interchange of lend-lease and reciprocal aid, neither Government will make any payment to the other for lend-lease and reciprocal aid articles and services used in the achievement of the common victory.

3. The Commonwealth of Australia, in discharge of its pre-existing commitment to compensate the Government of the United States for the postwar value of machine tools transferred during the war to the Commonwealth of Australia by the Government of the United States under lend-lease, and in consideration of the postwar value of other capital equipment transferred during the war under lend-lease, including the non-combat aircraft and spare parts therefor described in the Annex to this Agreement, and the transfer of the surplus property described in paragraph 8 (a) hereof, and in order to further educational and cultural relationships between the two countries by means of scholarships or otherwise in a manner mutually agreeable, will pay to the Government of the United States the sum of $27,000,000 as follows:

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(a) $20,000,000 in United States dollars within ninety days from the effective date of this Agreement; and

(b) $7,000,000 by any of the following methods, or any combination thereof designated by the Government of the United States (employing the rate of exchange between United States dollars and Australian pounds now in effect):

(i) By delivery to the Government of the United States by the Commonwealth of Australia of title to real property and improvements of real property in Australia, as selected and determined by agreement between the two Governments, aggregating in value not more than $2,000,000;

(ii) by establishment of a fund in Australian pounds for expenditure by the Government of the United States, in accordance with agreements to be reached between the two Governments for carrying out educational and cultural programs of benefit to the two countries; or

(iii) in the event that, after three years from the date of this Agreement, the two Governments should mutually agree that the purposes described in subsections (i) and (ii) above cannot be carried out to the full extent now contemplated, any residue will be paid by the Commonwealth of Australia in United States dollars.

4. (a) The Commonwealth of Australia hereby acquires, and shall be deemed to have acquired as of September 2, 1945, full title, without qualification as to disposition or use, to all lend-lease articles in the possession of the Commonwealth of Australia, its agents or distributees, on September 2, 1945, and not subsequently returned to the Government of the United States, other than lend-lease articles on that date in the possession of the armed forces of the Commonwealth of Australia, but including the non-combat aircraft and spares described in the Annex to this Agreement.

(b) The Government of the United States agrees to complete as early as possible the transfer (which term, except as hereinafter provided, shall include delivery aboard ocean vessel in a United States port) of the articles selected by the Commonwealth of Australia which were covered by lend-lease requisitions filed by the Commonwealth of Australia with the United States Foreign Economic Administration and which were under contract, or were completed, but had not been transferred, on September 2, 1945, and such other articles and services as have been designated by agreement between the two Governments for inclusion in the lend-lease pipeline of the Commonwealth of Australia. Such transfer will be made in the quantities and according to the specifications and other conditions, except as to time of delivery, set forth in the covering requisitions, to the extent that such articles are or will be available to the Government of the United States for transfer to the Commonwealth of Australia. Title to the articles covered by this paragraph shall pass to the Commonwealth of Australia immediately upon loading of the articles on board ocean vessel in a United States port, provided that risk of loss not recoverable from the supplier, carrier or other third party, shall be assumed by the Commonwealth of Australia upon shipment from the factory or other premises of the supplier. Title to any articles that shall not have been loaded on board ocean vessel in a United States port prior to midnight on July 31, 1946, or two months after receipt by the Commonwealth of Australia of notice of availability, whichever is later, shall be deemed to

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have been transferred as of such later date, and thereafter the Commonwealth of Australia shall be responsible for storing and moving such articles within the United States and for delivering such articles aboard ocean vessel in a United States port. The Government of the United States will pay the cost of ocean transportation to Australia on United States flag vessels only of such of the articles covered by this paragraph as were loaded aboard ocean vessel berthing in United States ports prior to January 1, 1946.

5. The Government of the United States hereby acquires, and shall be deemed to have acquired as of September 2, 1945, full title, without qualification as to disposition or use (a) to all reciprocal aid articles transferred to the Government of the United States and not subsequently returned to the Commonwealth of Australia or lost, destroyed or consumed, other than reciprocal aid articles which on that date were in the possession of the armed forces of the Government of the United States, and (b) to all reciprocal aid articles transferred to the Government of the United States between September 2, 1945 and December 31, 1945, both dates inclusive, and not subsequently returned to the Commonwealth of Australia.

6. (a) The Government of the United States, with respect to lend-lease articles (other than those described in the Annex to this Agreement), and the Commonwealth of Australia, with respect to reciprocal aid articles, reserve a right to recapture, respectively, at any time after September 1, 1945, any such articles which, as of the date upon which notice requesting return is communicated to the other Government, are in the possession of the armed forces of the other Government, although neither Government intends to exercise generally this right of recapture, except that the Commonwealth of Australia will return to the Government of the United States all vessels of the United States Navy transferred under lend-lease and in the possession of the Commonwealth of Australia on September 2, 1945. In respect of cases where either Government wishes from time to time to exercise this right of recapture, each Government will give reasonable notice of its intention and will provide full opportunity to the other Government for discussion of that Government's need for the articles in question, without limiting the right of recapture.

(b) The Commonwealth of Australia may, without restriction, divert any lend-lease articles now held by the armed forces of the Commonwealth of Australia to any uses in or outside Australia, but will not transfer, without the prior consent of the Government of the United States and without payment of any proceeds to the Government of the United States, any lend-lease articles held by the armed forces of the Commonwealth of Australia in the categories of arms, ammunition and other lethal weapons, to any third country.

(c) The Government of the United States may, without restriction, divert any reciprocal aid articles now held by the armed forces of the Government of the United States to any uses in or outside the United States, but will not transfer, without the prior consent of the Commonwealth of Australia and without payment of any proceeds to the Commonwealth of Australia, any reciprocal aid articles held by the armed forces of the Government of the United States in the categories of arms, ammunition and other lethal weapons, to any third country.

7. (a) The Commonwealth of Australia hereby assumes responsibility for the settlement and payment of all claims against the Government of the United States or members of the United States armed forces, arising from acts or omissions occurring before June 30, 1946, in the course of

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military duties of members of the armed forces of the Government of the United States in Australia.

(b) Financial claims between the two Governments where the liability for payment has heretofore been acknowledged, and the method of computation mutually agreed, are not covered by this settlement as they will be settled in accordance with such arrangements; the following are examples of such claims, which will be dealt with in accordance with procedures already established or to be established after appropriate discussion:

(i) claims arising out of cash reimbursement lend-lease requisitions filed by the Commonwealth of Australia;

(ii) claims covered by the "Memorandum Concerning Disposition of and Payment for Cargoes Carried on Twelve Dutch Ships Diverted to Australia" and "Memorandum Concerning Disposition of and Payment for Cargoes Carried on Certain United States Ships Diverted to Australia", both dated December 20, 1944;

(iii) obligations or claims arising out of the "Knock-for-Knock" Agreement of March 8, 1945, covering the mutual waiver of, and legal aid in connection with, maritime claims;

(iv) the obligation heretofore assumed by the Commonwealth of Australia in connection with silver transferred by the Government of the United States under lend-lease.

(c) In consideration of the mutual undertakings described in this Agreement, and with the objective of arriving at as comprehensive a settlement as possible and of obviating protracted negotiations between the two Governments, all other financial claims whatsoever of one Government against the other which arose out of lend-lease or reciprocal aid, or otherwise arose on or After September 3, 1939 and prior to September 2, 1945, out of or incidental to the conduct of World War II, and which are not otherwise dealt with in this Agreement, are hereby waived, and neither Government will hereafter raise or pursue any such claims against the other.

8. (a) The Government of the United States, in partial consideration of the payments to be made by the Commonwealth of Australia pursuant to section 3 of this Agreement, agrees to transfer property, selected by mutual agreement, located in or outside Australia, heretofore or hereafter declared to the Office of the Foreign Liquidation Commissioner, United States Department of State, as surplus to the requirements of any department or agency of the Government of the United States, of a total value aggregating $6,500,000 computed at prices to be mutually agreed. There shall be included in the property covered by this paragraph

(i) all property so declared as surplus included in sales or agreements to sell heretofore entered into between the two Governments; and

(ii) all such property included in sales or agreements to sell to any firms or individuals in Australia or in Australian territories, heretofore or hereafter made by the Government of the United States, in respect of which import licenses have been or may hereafter be issued by the Commonwealth of Australia;

and the contract value of the property included in such sales or agreements to sell shall be taken into consideration in computing the total value of surplus property transferred hereunder. This Agreement shall govern in

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any case in which the terms hereof are in conflict with the terms of any of the agreements described in paragraphs (i) and (ii) above.

(b) The amounts paid and to be paid to the Government of the United States for the property included in the sales and agreements to sell described in paragraphs 8 (a) (i) and 8 (a) (ii) of this Agreement shall, when paid, be treated as payments by the Commonwealth of Australia in partial discharge of the obligation of the Commonwealth of Australia assumed in section 3 of this Agreement to make payments to the Government of the United States.

(c) The Commonwealth of Australia agrees that it will not cause, and will use its best endeavors to prevent, the exportation to the United States, its territories or possessions, of any of the property covered by paragraph (a) above in the same, or substantially the same form, if such property was originally produced in the United States and is readily identifiable as such, and agrees that it will not resell any of such property to any person, firm or government, for the purpose of export to the United States, its territories or possessions, contrary to any statute or regulation of the Government of the United States as notified by the Government of the United States.

9. Both Governments, when they dispose of articles acquired pursuant to sections 4, 5 and 8 of this Agreement, will use their best endeavors to avoid discrimination against the legitimate interests of the manufacturers or producers of such articles, or their agents or distributors, in each country.

10. This Agreement shall take effect on the date of signature.

Signed in duplicate, at Washington for the Government of the United States and at New York for the Commonwealth of Australia, this seventh day of June 1946.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

JAMES F BYRNES
Secretary of State
of the United States of America

FOR THE GOVERNMENT OF THE COMMONWEALTH OF AUSTRALIA:

H EVATT
Minister of External Affairs
of the Commonwealth of Australia

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ANNEX

Aircraft

Number	*Type*
109	C–47 (Dakota)
11	PBY (Catalina)
41	PB2B (Catalina)

Spares

164 Engines for Dakota C–47 aircraft
127 Dakota propellors
Spare parts for 382 Dakota engines
Airframe spares for 48 Dakota aircraft
136 Catalina engines
68 Catalina propellors
Spare parts for 272 Catalina Engines
Airframe spares for 21 Catalina aircraft
U. S. lend-lease content of 29 PB2B aircraft obtained from Canada.

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Appendix VII

SETTLEMENT AGREEMENT WITH NEW ZEALAND

Agreement Between the Government of the United States of America and the Government of New Zealand on Settlement for Lend-Lease and Reciprocal Aid, Surplus War Property, and Claims

The Government of the United States of America and the Government of New Zealand have reached agreement as set forth below regarding settlement for lend-lease and reciprocal aid, for certain surplus war property and for the financial claims of each Government against the other arising as a result of World War II. This settlement is complete and final. Both Governments, in arriving at this settlement, have taken full cognizance of the benefits already received by them in the defeat of their common enemies, and of the aid furnished by each Government to the other in the course of the war. No further benefits will be sought as consideration for lend-lease and reciprocal aid, for surplus war property covered by this Agreement, or for the settlement of other financial claims arising as a result of World War II, except as herein specifically provided.

I

Lend-Lease and Reciprocal Aid

1. (a) The term "lend-lease article" as used in this Agreement means any article heretofore transferred by the Government of the United States under the Act of March 11, 1941

(1) to the Government of New Zealand, or

(2) to any other government and heretofore retransferred to the Government of New Zealand.

(b) The term "reciprocal aid article" as used in this Agreement means any article heretofore transferred by the Government of New Zealand to the Government of the United States under reciprocal aid.

2. In recognition of the mutual benefits received by the two Governments from the interchange of lend-lease and reciprocal aid, neither Government will be required to make any payment to the other for lend-lease and reciprocal aid articles and services used in the achievement of the common victory.

3. (a) The Government of New Zealand hereby acquires, and shall be deemed to have acquired as of September 2, 1945, full title, without qualification as to disposition or use, to all lend-lease articles in the possession of the Government of New Zealand, its agents or transferees, on September 2, 1945, and not subsequently returned to the Government of the United States, other than lend-lease articles which on that date were in the possession of the armed forces of the Government of New Zealand.

(b) The Government of New Zealand hereby acquires, and shall be deemed to have acquired as of the date of loading on board ocean vessel for shipment to New Zealand, full title, without qualification as to disposition or use, to all lend-lease articles transferred to the Government of New

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Zealand on or after September 2, 1945, pursuant to lend-lease requisitions filed by the Government of New Zealand, and not subsequently returned to the Government of the United States, which articles constituted the lend-lease pipeline for the Government of New Zealand and in respect of which no further deliveries remain to be made.

(c) The Government of New Zealand hereby acquires, and shall be deemed to have acquired as of the date of delivery to the custody of the Government of New Zealand, full title, without qualification as to disposition or use, to all lend-lease articles, other than arms, ammunition and other lethal weapons, in addition to the articles covered by sub-paragraph (b) hereof, transferred to the Government of New Zealand between September 2, 1945, and December 31, 1945, both dates inclusive, and not subsequently returned to the Government of the United States.

(d) In consideration of the mutual undertakings of this Agreement, no payment shall be required from the Government of New Zealand with respect to the articles covered by subparagraphs (a), (b) and (c) hereof.

4. (a) The Government of the United States hereby acquires, and shall be deemed to have acquired as of September 2, 1945, full title, without qualifications as to disposition or use, to all reciprocal aid articles in the possession of the Government of the United States, its agents or transferees, on September 2, 1945, and not subsequently returned to the Government of New Zealand, other than reciprocal aid articles which on that date were in the possession of the armed forces of the Government of the United States.

(b) The Government of the United States hereby acquires, and shall be deemed to have acquired as of the date of delivery to United States depot in New Zealand, or of loading aboard ocean vessel for shipment from New Zealand, whichever is the earlier, full title, without qualification as to disposition or use, to all reciprocal aid articles transferred to the Government of the United States between September 2, 1945, and December 31, 1945, both dates inclusive, and not subsequently returned to the Government of New Zealand, which articles constituted the reciprocal aid pipeline for the Government of the United States and in respect of which no further deliveries remain to be made.

(c) The Government of the United States hereby acquires, and shall be deemed to have acquired as of the date of delivery to the custody of the Government of the United States, full title, without qualification as to disposition or use, to all reciprocal aid articles, other than arms, ammunition and other lethal weapons, in addition to the articles covered by subparagraph (b) hereof, transferred to the Government of the United States between September 2, 1945, and December 31, 1945, both dates inclusive, and not subsequently returned to the Government of New Zealand.

(d) In consideration of the mutual undertakings of this Agreement, no payment shall be required from the Government of the United States with respect to articles covered by subparagraphs (a), (b) and (c) hereof.

5. (a) The Government of the United States, with respect to lend-lease articles, and the Government of New Zealand, with respect to reciprocal aid articles, reserve a right to recapture, at any time after September 1, 1945, any such articles other than those to which title is passed pursuant to paragraphs 3 and 4 hereof, which are now in the possession of the armed forces of the other Government and, as of the date upon which notice requesting return is communicated to the other Government, are in the possession of or under the control of such other Government, although neither Government intends to exercise generally this right of recapture.

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Where either Government wishes from time to time to exercise this right of recapture, such Government will give reasonable notice of its intention and, without limiting the right of recapture, will provide full opportunity to the other Government for discussion of that Government's need for the articles in question.

(b) The Government of New Zealand may, except as provided in paragraph 8 hereof, divert any such lend-lease articles covered by paragraph 5 (a) hereof to any uses in or outside of New Zealand or its territories, but will not, without the prior consent of the Government of the United States and without payment of any proceeds to the Government of the United States, transfer to any third country any such lend-lease articles in the categories of arms, ammunition and other lethal weapons.

(c) The Government of the United States may divert any such reciprocal aid articles covered by paragraph 5 (a) hereof to any uses in or outside of the United States, its territories or possessions, but will not, without the prior consent of the Government of New Zealand and without payment of any proceeds to the Government of New Zealand, transfer to any third country any such reciprocal aid articles in the categories of arms, ammunition and other lethal weapons.

(d) The Government of the United States, with respect to vessels transferred to the United States Navy under reciprocal aid, and the Government of New Zealand, with respect to vessels transferred by the United States Navy under lend-lease, will, unless otherwise agreed, each return to the other Government any such vessels in the possession of the recipient Government on the date when the request for return is communicated to such Government.

6. Both Governments agree that, when they dispose of articles acquired pursuant to paragraphs 3 and 4 hereof, they will use their best endeavours to avoid discrimination against the legitimate interests of the manufacturers or producers of such articles, or their agents or distributors, in each country.

II

Surplus War Property

7. The Government of New Zealand, in consideration of the value of surplus non-combat lend-lease aircraft and related spares diverted to civilian use, and of the other surplus property covered by the contract between the Government of the United States and the Government of New Zealand dated December 18, 1945, as amended in this Agreement, and in order to further educational and cultural relationships between the two countries by means of scholarships or otherwise in a manner mutually agreeable, will pay to the Government of the United States the value of such aircraft and related spares and surplus property as provided in paragraphs 8 and 9 hereof, by any of the following methods or any combination thereof designated by the Government of the United States, employing in every case the rate of 3.2442 United States dollars to one New Zealand pound:

(i) (a) by delivery of title to the Government of the United States by the Government of New Zealand of such real property and improvements to real property in New Zealand as may be selected and determined by

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agreement between the two Governments, aggregating in value not more than $1,200,000;

(b) by establishment of a fund in New Zealand pounds, equivalent to not more than the remaining amount due to the Government of the United States hereunder, for expenditures in accordance with agreements to be reached between the two Governments for carrying out educational and cultural programs of benefit to the two countries;

(ii) by delivery to the Government of the United States of such other property or services in New Zealand as may be selected and determined by agreement between the two Governments, aggregating in value not more than such part of the amount due to the Government of the United States as may not have been expended under the provisions of sub-paragraphs (i) (a) and (i) (b) hereof;

(iii) in the event that, after three years from the date of this Agreement the two Governments have been unable to agree that the purposes described in sub-paragraphs (i) and (ii) above hereof can be carried out to the full extent now contemplated, any residue will be paid by the Government of New Zealand to the Government of the United States in United States dollars.

8. The Government of New Zealand will not divert to any civilian use any lend-lease non-combat aircraft or related spares in the possession of the Government of New Zealand except those acquired by the Government of New Zealand pursuant to separate agreement or agreements of sale between the two Governments. The Government of the United States will accept the return of, and will declare as surplus, all lend-lease non-combat aircraft and related spares now in the possession of the Government of New Zealand which may be selected by the Government of New Zealand for diversion to civilian use. The Government of the United States will sell and the Government of New Zealand will purchase such aircraft and related spares under the terms and conditions of the contract dated December 18, 1945, described and as amended in paragraph 9 hereof. The consideration for any such sales shall be calculated at the world disposal prices as determined by the Government of the United States for aircraft and related spares of the types covered by such sales. Payment for any such aircraft and related spares shall be made in accordance with paragraphs 7 and 9 of this Agreement.

9. In the contract dated December 18, 1945, the Government of the United States agreed to sell and the Government of New Zealand agreed to purchase certain surplus property described therein up to a total value of four million dollars. The terms and conditions of that contract shall remain in full force with the following amendments:

(a) additional schedules listing non-combat aircraft and related spares and meterorological, communication, navigational and other airport articles and equipment shall be added to the contract;

(b) the amount of four million dollars shall be increased by an amount up to $750,000 to cover the value of non-combat aircraft and related spares and by a further amount sufficient to cover the value of the meteorological, communication, navigational and other airport articles and equipment described in sub-paragraph (a) hereof;

(c) in lieu of the method of payment provided for in that contract, payment shall be made in accordance with paragraph 7 of this Agreement.

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III

Other Financial Claims

10. (a) The Government of New Zealand hereby assumes responsibility for the settlement and payment of all claims against the Government of the United States or members of the armed forces of the Government of the United States, arising from acts or omissions of members of the armed forces of the Government of the United States occurring in New Zealand before June 30, 1946.

(b) The following financial claims between the two Governments, arising out of existing arrangements in which the liability for payment has heretofore been acknowledged and the method of computation mutually agreed upon, are not covered by this settlement, as they will be settled in accordance with such arrangements:

(i) Claims by either Government arising out of lend-lease requisitions filed by the Government of New Zealand in which the Government of New Zealand agreed to make direct cash reimbursement to the Government of the United States for the material therein requisitioned and at the time of filing such requisitions deposited with the Government of the United States the estimated cost of such material;

(ii) Claims arising out of the agreement by the Government of the United States to pay the Government of New Zealand for the articles and services furnished by the Government of New Zealand to the Government of the United States not eligible for reciprocal aid, and for the articles and services furnished by the Government of New Zealand to the Government of the United States after December 31, 1945.

(c) In consideration of the mutual undertakings described in this Agreement, and with the objective of arriving at as comprehensive a settlement as possible and of obviating protracted negotiations between the two Governments, all other financial claims whatsoever of one Government against the other which arose out of lend-lease or reciprocal aid or otherwise arose on or after September 3, 1939, and prior to September 2, 1945, out of or incidental to the conduct of World War II, and which are not otherwise dealt with in this Agreement, are hereby waived, and neither Government will hereafter raise or pursue any such claims against the other.

11. This Agreement shall take effect on the date of signature.

Signed at Washington in duplicate this 10th day of July, 1946.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

Dean Acheson
Acting Secretary of State

FOR THE GOVERNMENT OF NEW ZEALAND:

Walter Nash
Minister of Finance
of the Government of New Zealand

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Appendix VIII

SETTLEMENT AGREEMENT WITH BELGIUM

Memorandum of Understanding Between the Government of the United States of America and the Government of Belgium Regarding Settlement for Lend-Lease, Reciprocal Aid, Plan A, Surplus Property, and Claims

The Government of the United States of America and the Government of Belgium have reached an understanding regarding a settlement for lend-lease and reciprocal aid, for the Belgian Government's obligation to the United States Government for civilian supplies furnished under the military relief program (Plan A), for certain surplus property, and for other financial claims of each Government against the other arising out of the conduct of the war. This settlement is complete and final. In arriving at this understanding, both Governments have recognized the benefits accruing to each from their contributions to the defeat of their common enemies, and have adhered to the principles expressed in Article VII of the Preliminary Agreement on Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, signed at Washington on June 16, 1942. Both Governments agree that their contributions to each other in the common war effort through lend-lease, reciprocal aid and Plan A are substantially in balance. They agree that no further benefits are due or will be sought by either Government from the other on these accounts or, except as hereinafter specifically provided, as consideration for surplus property or the settlement of claims or other obligations arising out of the war.

1. In recognition of the mutual benefits received by the two Governments from the interchange of lend-lease and reciprocal aid, and from the United States share of civilian supplies furnished under the military relief program (Plan A), it is agreed that:

A. Neither Government will make any payment to the other for lend-lease and reciprocal aid articles and services heretofore transferred or retransferred, or remaining to be transferred under previous agreement.

B. The Belgian Government will make no payment to the United States Government for the United States share of the combined claim against the Belgian Government for Plan A. As agreed in an exchange of memoranda between the two Governments, dated July 23, 1946, and September 24, 1946, the Belgian Government recognizes that the settlement hereby made with the United States Government in no way impairs the obligation of the Belgian Government to the United Kingdom and Canadian Governments for their shares of the combined claim for Plan A, and agrees to establish a reserve of 10 percent of the combined bills in the Banque Nationale de Belgique which will be made payable to the United Kingdom and Canadian Governments to the extent and in the manner necessary to carry out the existing financial arrangements among the three supplying Governments. Any amounts of the reserve not so paid will not be claimed by the United States Government and will revert to the free disposition of the Belgian Government upon notification by the three supplying Governments.

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2. In consideration of the United States surplus property heretofore transferred and heretofore designated for transfer to the Belgian Government under agreed procedures (estimated at approximately $18,000,000 in transfer value), it is agreed that:

A. (1) As and when requested by the United States Government, the Belgian Government will transfer to the United States Government, or provide Belgian francs for the acquisition of, real property in Belgium, the Belgian Congo and the Grand Duchy of Luxembourg to be mutually agreed upon, and will pay the expense of improvements in and furnishing of property of the United States Government in Belgium, the Belgian Congo and Luxembourg, up to an aggregate value of $5,450,000.

(2) As and when requested by the United States Government, the Belgian Government will provide Belgian francs up to an aggregate value of $3,000,000, which will be used exclusively to carry out cultural and educational programs agreed between the Government of the United States of America and the Governments of Belgium and Luxembourg.

(3) Any francs provided under this sub-paragraph A will be at the par value between the two currencies established in conformity with procedures of the International Monetary Fund, or, if no such par value exists, at the rate most favorable to the United States Government used in any official Belgian Government transaction at the time payment is requested.

B. (1) The Belgian Government will process certain claims against the United States Government, and its war contractors and subcontractors, and discharge their liability with respect thereto, namely:

(a) Claims of individuals, firms and corporations asserted or about to be asserted in courts of Belgium, the Belgian Congo or Luxembourg against the United States Government, or respecting which the ultimate liability is that of the United States Government, arising from maritime incidents occurring on or after September 3, 1939 and prior to July 1, 1946. In addition, as part of the general settlement, the Belgian Government, without giving rise to any financial obligation on the part of the United States Government, will, at the request of the United States Government, take such steps as may be necessary, including the assumption of financial responsibility, to release vessels and cargoes belonging to the United States Government from legal actions brought in such courts to enforce any such claims.

(b) Claims of individuals, firms and corporations domiciled or resident in Belgium, the Belgian Congo or Luxembourg (except individuals who are exclusively United States nationals) against the United States Government, its contractors and subcontractors, for royalties under license contracts for the use of inventions, patented or unpatented, or for infringement of patent rights, in connection with war production carried on or contracted for prior to September 2, 1945.

(c) Claims of individuals, firms and corporations domiciled or resident in Belgium, the Belgian Congo or Luxembourg against the United States Government arising out of acts or omissions in Belgium, the Belgian Congo or Luxembourg of members of the United States Armed Forces or civilian personnel attached to such forces, both line-of-duty and non-line-of-duty, occurring on or after September 3, 1939 and prior to September 2, 1945 in the case

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of contracts, and occurring on or after September 3, 1939 and prior to July 1, 1946 in the case of other acts and omissions.

(d) Claims of subjects of Belgium or Luxembourg, whether individuals, firms or corporations, against the United States Government arising out of the requisitioning for use in the war program of property located in the United States in which the claimant had an interest.

(2) The undertaking of the Belgian Government in the preceding sub-paragraph (1) is valued at $5,000,000, not subject to adjustment.

C. (1) The undertakings of the Belgian Government in subparagraphs A and B above constitute a payment by the Belgian Government to the United States Government of $13,450,000 toward the total purchase price of the above-mentioned United States surplus property. The excess over $13,450,000 of the total purchase price (determined in accordance with usual procedures) of the surplus property heretofore transferred to the Belgian Government and hereafter transferred under designations heretofore made will be a dollar obligation of the Belgian Government to the United States Government.

(2) In the event that the United States Government should not be able to avail itself fully of the provisions of sub-paragraph A, the amount not availed of will, upon appropriate notification by the United States Government, be added to the dollar obligation of the Belgian Government to the United States Government.

(3) These dollar obligations of the Belgian Government will be governed by the provisions of paragraph 5 below.

3. The United States Government hereby makes available to the Belgian Government a line of credit of $10,000,000 for the purchase of United States surplus property contracted for with the Foreign Liquidation Commissioner before October 1, 1946, other than the surplus property referred to in paragraph 2 above. The resulting dollar obligation will be governed by the provisions of paragraph 5 below.

4. The two Governments have agreed on the acquisition by the Belgian Government of certain United States surplus property remaining in Belgium on or after October 1, 1946, and, in stated circumstances, before September 30, 1946, on the basis of a division between the two Governments of the proceeds of sales. The share accruing to the United States Government of these proceeds will be a dollar obligation of the Belgian Government and will be governed by the provisions of paragraph 5 below.

5. A. Payment of the total of the dollar obligations of the Belgian Government to the United States Government referred to in paragraphs 2C, 3 and 4 above shall be made in annual installments over a period ending July 1, 1976. The first annual installment shall be due and payable on July 1, 1947, and shall be equal to one-thirtieth of the total dollar obligation as of that date. Each subsequent installment shall be equal to the total unpaid balance as of the date of the installment divided by the number of installments remaining to be paid.

B. Interest on the unpaid balance of the total dollar obligation shall be paid by the Belgian Government at the fixed rate of two and three-eighths percent per annum, accruing from July 1, 1947, except that, with respect to dollar obligations arising after July 1, 1947, interest shall accrue from the first day of July next following the date on which the obligation arises. Interest shall be payable annually, the first payment to be made on July 1, 1948.

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C. The Belgian Government may at any time or times anticipate the payment of any installments or any part thereof. Such payments will be credited first to past due interest, if any, and then to the unpaid installments in inverse order of maturity, and the number of installments remaining to be paid will thereby be reduced by the number of installments thus paid in full.

D. In the event that the United States Government wishes to receive Belgian francs for the payment of any or all expenditures to be made after December 31, 1946, by the United States Government, including its agencies, in Belgium, the Belgian Congo, or Luxembourg, the United States Government may request Belgian francs in specified amounts at any time or times after December 31, 1946, and the Belgian Government agrees to furnish Belgian francs in such amounts at such time or times, subject to the limitations that (1) the aggregate of the dollar equivalents of such amounts (computed at the par value or rate specified in paragraph 2A (3)) shall not exceed $5,000,000 and (2) the aggregate of the dollar equivalents of any such amounts (computed as so specified) requested in the twelve-month period beginning any first day of July, added to the amount of the annual installment and interest, if any, payable in such period under sub-paragraphs A and B above and any payments already made by the Belgian Government in such period under sub-paragraph C above, shall not exceed $2,000,000 and (3) the dollar equivalent of any single amount (computed as so specified) shall not exceed the unpaid balance of the total dollar obligation at the time payment of such amount is requested, plus interest then past due, if any. In the event that Belgian francs are so received, the United States dollar equivalent thereof (computed as so specified) will be credited first to past due interest, if any, and then to the unpaid balance of the total dollar obligation.

6. The two Governments have agreed upon arrangements and procedures for the settlement of past and future troop pay of United States Armed Forces in Belgium. The United States Government will continue to expedite payment under agreed procedures for supplies and services furnished by the Belgian Government to United States Government agencies on and after September 2, 1945.

7. A. Notwithstanding the provisions of paragraph 1, claims in the following categories will be settled in accordance with procedures already established or to be established after appropriate discussions:

(1) Claims by the United States Government for the cost, and claims by the Belgian Government for the excess of amounts deposited by it with the United States Government over the cost, of supplies and services procured under cash reimbursement lend-lease requisitions filed by the Belgian Government.

(2) Claims arising out of lend-lease requisitions for locomotives wherein the Belgian Government agreed to pay landed cost.

(3) Claims by the Belgian Government for the excess of amounts deposited by it with the United States Government under the exchange of notes between the Foreign Economic Administration and the Belgian Ambassador on October 20 and October 25, 1944 over the cost of supplies and services procured thereunder and transferred to the Belgian Government on or before February 28, 1945.

B. Each Government waives all its claims against the other, and all its claims respecting which the ultimate liability is that of the other,

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which arose out of (1) maritime incidents occurring prior to July 1, 1946, or (2) requisitioning for use in the war program of property of the other Government.

C. All other financial claims of either Government against the other, except those arising out of established arrangements where liability has heretofore been acknowledged and the method of computation agreed, which (1) arose out of lend-lease or reciprocal aid, or (2) otherwise arose out of incidents connected with the conduct of the war occurring on or after September 3, 1939 and prior to September 2, 1945, and which are not otherwise dealt with in this Memorandum, are hereby waived.

8. Nothing in this Memorandum affects the obligation of the Belgian Government in connection with silver transferred to it by the United States Government under lend-lease.

9. Each Government reserves the right of recapture of any supplies of types essentially or exclusively for use in war or warlike exercises held by the other Government, which were supplied on lend-lease or reverse lend-lease, but each Government has indicated that it does not intend to exercise generally its right of recapture of such supplies. Each Government agrees that all such supplies held by it will be used only for purposes compatible with the principles of international security and welfare set forth in the Charter of the United Nations. Merchant vessels which were made available to the Belgian Government under lend-lease are to be returned to the United States Government.

10. Disposals to third Governments of lend-lease and reverse lend-lease supplies of types essentially or exclusively for use in war or warlike exercises will be made only with the consent of the supplying Government. All other materials supplied on lend-lease or reverse lend-lease may be disposed of without restriction by the recipient Government, and no further payment therefor will be required by the supplying Government.

11. Except as provided under paragraphs 9 and 10 of this Memorandum of Understanding, the Belgian Government and the United States Government receive full title to lend-lease and reverse lend-lease articles respectively held as of September 2, 1945, or transferred at any time thereafter, and not subsequently returned.

12. To the extent that the provisions of this Memorandum of Understanding are inconsistent with those contained in any previous agreement, the provisions of this Memorandum shall prevail.

13. The two Governments agree to conclude such specific agreements as may be necessary to implement this general understanding.

14. This Memorandum of Understanding will be effective upon signature.

DONE at Washington, in duplicate, this 24th day of September, 1946.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA

W. L. CLAYTON
Acting Secretary of State

FOR THE GOVERNMENT OF BELGIUM

SILVERCRUYS
Ambassador of Belgium at Washington

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Appendix IX

SETTLEMENT AGREEMENT WITH TURKEY

Agreement on Lend-Lease and Claims Between the Governments of the United States of America and of the Republic of Turkey

The Government of the United States of America and the Government of the Republic of Turkey,

Animated by the desire to arrive at a final settlement of lend-lease and of financial claims of each government against the other arising out of World War II,

Considering the benefits which they have already received by the defeat of the common enemy, and affirming their intention to seek no further benefits as consideration for lend-lease or for the settlement of claims or other obligations arising out of the war, except as specifically provided in the present Agreement,

Declaring that this settlement is complete and final,

Reaffirming, pursuant to the general obligations assumed by them in Article VII of the Agreement of February 23, 1945 on the "Principles applying to Aid under the Act of March 11, 1941" their agreement to confer together and with other governments in the near future in the interest of

(a) the expansion, by appropriate international and domestic measures, of production, employment and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples,

(b) the elimination of all forms of discriminatory treatment in international commerce, and

(c) the reduction of tariffs and other trade barriers,

Declaring it to be their policy

(a) to avoid the adoption of new measures affecting international trade, payments or investments which would prejudice the objectives of such a conference and,

(b) to afford to each other adequate opportunity for mutual consultation regarding the aforementioned measures,

Declaring that the recent Agreement between the two governments covering civil aviation and the application of the Government of the Republic of Turkey for membership in the International Bank for Reconstruction and Development and the International Monetary Fund are consonant with the spirit of the principles mentioned above.

Are agreed as follows:

ARTICLE I

The term "lend-lease article" as used in this Agreement means any article transferred by the Government of the United States under the Act of March 11, 1941:

(a) to the Government of the Republic of Turkey, or

(b) to any other government and retransferred to the Government of the Republic of Turkey.

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ARTICLE II

The Government of the Republic of Turkey will pay to the Government of the United States a net sum of 4,500,000 United States dollars within thirty (30) days after this Agreement has been executed. This amount is in payment for

(a) all lend-lease articles in the categories of machine tools and other productive machinery, locomotives and other railroad rolling stock, and load-carrying trucks of 1½ ton and greater capacity.
   (i) for which the Government of the United States has not received any payment; and
   (ii) which were in the possession or control of the Government of the Republic of Turkey, its agents or distributees at midnight on September 1, 1945, or thereafter passed into the possession or control of the Government of the Republic of Turkey, its agents or distributees.

(b) All lend-lease articles (other than those covered by requisitions calling for cash payment) transferred to the Government of the Republic of Turkey after March 11, 1941, for which the Government of the United States has not been reimbursed but for which it has been the policy of the Government of the United States to seek cash reimbursement from the Government of the Republic of Turkey.

(c) The net amount of claims due from one Government to the other arising out of World War II, excluding amounts still payable for lend-lease articles covered by cash reimbursement lend-lease requisitions heretofore filed by the Government of the Republic of Turkey.

ARTICLE III

The Government of the Republic of Turkey hereby acquires, without qualification as to disposition or use, full title to all articles described in paragraphs (a) and (b) of Article II hereof, and to all lend-lease articles now in the possession or control of the Government of the Republic of Turkey, its agents or distributees, for which the Government of the United States has been fully reimbursed.

ARTICLE IV

(a) Under Article V of the Agreement dated February 23, 1945, on the Principles applying to Mutual Aid Between the Governments of the United States and of the Republic of Turkey, the Government of the United States has the right to recover at the end of the present emergency, as determined by the President of the United States, such defense articles transferred under that Agreement as have not been destroyed, lost or consumed, and as shall be determined by the President to be useful in the defense of the United States or of the Western Hemisphere, or to be otherwise of use to the United States. Although the Government of the United States does not intend to exercise generally this right of recapture, the Government of the United States may exercise this right, under prodecures to be mutually agreed, at any time after September 1, 1945, with respect to lend-lease articles, other than those described in para-

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graphs (a) and (b) of Article II hereof, which, as of the date upon which notice requesting return is communicated to the Government of the Republic of Turkey, are not destroyed, lost or consumed.

(b) The Government of the Republic of Turkey will not transfer or dispose of lend-lease articles, other than those described in paragraphs (a) and (b) of Article II hereof, to any third country.

ARTICLE V

Financial claims between the two governments arising out of existing arrangements (such as the agreements on the disposal of chrome stocks recently concluded and the sale of United States surplus property located both inside and outside of Turkey) where the liability for payment has heretofore been acknowledged and the method of computation mutually agreed are not covered by this settlement as they will be settled in accordance with such arrangements. In consideration of the undertakings in this Agreement, and with the objective of arriving at as comprehensive a settlement as possible and of obviating protracted negotiations between the two governments, all other financial claims whatsoever of one government, its agencies and instrumentalities, against the other government, its agencies and instrumentalities, which (a) arose out of lend-lease, or (b) otherwise arose on or after March 11, 1941 and prior to September 2, 1945 out of or incidental to the conduct of World War II, and which are not otherwise dealt with in this Agreement, are hereby waived, and neither government will hereafter raise or pursue any such claims against the other.

ARTICLE VI

The effective date of this Agreement shall be established through an exchange of notes which shall take place at Ankara as soon as possible.

Done at Ankara, in duplicate, in the English and Turkish languages, each of which shall be of equal authenticity, this 7th day of May, 1946.

For the Government of the United States of America	For the Government of the Republic of Turkey
[s] Edwin C. Wilson	[s] Hasan Saka
Seal of the Embassy of the United States of America	Seal of the Directorate General of Protocol of the Turkish Ministry of Foreign Affairs

N. B. (The above Agreement became effective on May 25, 1946 through an exchange of notes on that date between Ambassador Wilson and the Turkish Minister of Foreign Affairs).

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Appendix X

PIPELINE AGREEMENT WITH CHINA

Agreement Between the Governments of the United States and the Republic of China on the Disposition of Lend-Lease Supplies in Inventory or Procurement in the United States

The Government of the United States and the Government of the Republic of China in order to provide for the orderly disposition in their mutual interests of the undelivered articles which, prior to the cessation of active military operations against the common enemy, were in inventory or procurement in the United States for the purpose of providing war aid to the Republic of China under the Act of Congress of March 11, 1941, as amended, agree as follows:

Article I

All articles and services undertaken to be provided by the United States under this Agreement shall be made available under the authority and subject to the terms and conditions of the Act of Congress of March 11, 1941, as amended, and any acts supplementary thereto.

Article II

Within such periods as may be authorized by law, the United States undertakes to transfer to the Republic of China and the Republic of China agrees to accept, subject to the right of inspection referred to in Article V, those articles which are or will be available to the United States for transfer to the Republic of China out of articles in inventory or procurement which were requisitioned and contracted for prior to August 18, 1945 for the purpose of providing war aid to the Republic of China, but which were not transferred prior to 12:01 A. M., September 2, 1945.

The Republic of China undertakes to pay the United States in United States dollars, for the articles transferred to the Republic of China under this Article and for the cost of inland and ocean freight and other incidental expenses, an amount to be determined as set forth in Schedule I, and interest thereon, according to the terms and conditions set out in that Schedule.

Schedule I, which is annexed hereto, is made a part of this Agreement.

Article III

The Republic of China shall be released from its obligation to accept articles or services under the provisions of Article II upon payment to the United States of any net losses to the United States, including contract cancellation charges, resulting from the determination of the Republic of China not to accept such articles or services.

Article IV

Within such period as may be authorized by law the Government of the United States undertakes to aid in the movement to the Republic of China of the articles provided under Article II by furnishing American flag shipping and related services so far as it is consistent with the national interest of the United States and the Republic of China agrees to pay the United States for such shipping and related services as may be made available under the provisions of this Article in an amount and on terms and conditions set forth in Schedule I.

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Article V

The Government of the United States will, in lieu of granting any warranty, express or implied, with respect to articles transferred to the Republic of China, assign to the Government of the Republic of China any assignable rights which it may have against the supplier, inland carriers or other private contracting agencies for breach of warranty, or any assignable claims for loss of or damage to articles prior to transfer to the Government of the Republic of China. The Government of the Republic of China shall have the right of inspection of articles at any mutually convenient point prior to transfer. The Government of the United States undertakes to use its best efforts to provide appropriate assistance to the Government of the Republic of China to effectuate a satisfactory settlement with the suppliers, inland carriers, or other private contracting agencies of any claims of the Government of the Republic of China covered by the aforesaid assignment.

The Government of the United States agrees that the provisions of Article V of the Mutual Aid Agreement of June 2, 1942, shall not apply to supplies transferred to the Government of the Republic of China under the provisions of Article II of this Agreement.

Article VI

Nothing in this Agreement shall modify or otherwise affect the final determination, under the Act of March 11, 1941, as amended, and the Mutual Aid Agreement between the two Governments of June 2, 1942, of the terms and conditions upon which the Republic of China has received aid except for the articles and services made available under the provisions of this Agreement.

Article VII

This Agreement shall take effect as from 12:01 A. M., September 2, 1945.

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective Governments, have signed the present Agreement in duplicate at Washington on the 14th day of June 1946.

FOR THE GOVERNMENT OF THE UNITED STATES

CHESTER T. LANE
Deputy Foreign Liquidation Commissioner
Department of State

FOR THE GOVERNMENT OF THE REPUBLIC OF CHINA

SHOU CHIN WANG
Chairman of the Chinese Supply Commission

SCHEDULE I

It is agreed that the articles to be transferred and services to be rendered under this Agreement are in the following categories and that the approximate value thereof is in the amount shown in the following schedule:

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Communications:	
Transportation	$32,000,000
Signal	150,000
Industry & Mining	2,675,000
Ordnance:	
Arsenal	1,150,000
Industrial Equipment	5,500,000
Medical	20,000
Miscellaneous	5,000
Textiles	6,500,000
Inland Accessorial Expenses	3,600,000
Ocean Freight	7,300,000
	$58,900,000

Changes may be made in the categories and amount of articles to be transferred and services to be rendered by mutual agreement of the parties.

The terms and conditions upon which the said articles are to be transferred and services rendered by the Government of the United States to the Government of the Republic of China under the provisions of this Agreement are as follows:

A. The term "contract price" means the contract price f. o. b. point of origin, or in cases in which contracts are written on terms other than f. o. b. point of origin, the price computed by the United States f. o. b. point of origin, confirmed by proper documents, which is paid by the United States to the contractor. The contract price shall be evidenced by a specific contract in cases where specific contracts have been entered into by a United States Government procurement agency ir pursuance of an approved requisition or other written request of the Republic of China or to fulfill offerings made by the United States to the Republic of China for the war programs of the Republic of China. In cases where articles so requested or offered are not procured on contracts placed by a United States Government procurement agency in part or in whole specifically for the Republic of China but are procured by a United States procurement agency on general supply contracts without specification of the particular ultimate recipient or recipients, the contract price shall be the estimated average contract price (as computed by the United States) f. o. b. point of origin paid by the United States Government procurement agency for similar articles.

B. Unless otherwise provided by mutual agreement, transfers of articles to the Republic of China shall take place immediately upon loading of the articles on board ocean vessels in a United States port and title and risk of loss with respect to articles shall pass upon transfer to the Republic of China; provided, that any article that shall not have been transferred to the Republic of China as above set forth prior to August 31, 1946 or 90 days following the time of notice to the Republic of China of the availability of the articles, whichever is later, shall be deemed to be transferred to the Republic of China upon such date and the Republic of China shall thereafter assume complete financial responsibility for the articles including risk of loss and arranging and paying for storage, insurance, maintenance, preservation and inland transportation and any other incidental expenses.

All articles made available shall be properly packed or prepared to meet the requirements of ocean shipping. The invoice delivered by the United States as certified by authorized officials of the Republic of China with respect to articles transferred under Article II shall be conclusive as to the cost of such articles.

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C. The amount which the Republic of China shall pay the United States with respect to articles transferred under the provisions of Article II of this Agreement shall be the sum of the following items as set forth in subparagraphs (1), (2) and (3):

(1) The contract price of the articles. (2) 7.5 percent of the contract price to cover the cost of storage, inland transportation, inland accessorial charges, and port accessorial charges normally incurred by cargo in accordance with the custom of the port. (3) The actual cost of ocean freight for transporting such articles from United States port to a port in China.

Payment of the total amount, determined as set forth above, shall be made by the Government of the Republic of China to the Government of the United States on or before July 1, 1976 in thirty annual installments, the first of which shall become due and payable on July 1, 1947. The amount of each annual installment shall be computed by dividing the total amount less the amount of installments earlier becoming due by the number of installments yet to become due (including the installment being computed).

Nothing herein shall be construed to prevent the Government of the Republic of China from anticipating the payment of any of the installments, or any part thereof, set forth above.

If by agreement of both Governments, it is determined that, because of extraordinary and adverse economic conditions arising during the course of payment, the payment of a due installment would not be in the joint interest of the United States and the Republic of China, payment may be postponed for an agreed upon period.

Interest on the unpaid balance of the total amount determined as set forth above shall be paid by the Government of the Republic of China at a rate of 2⅜% per annum accruing from July 1 next succeeding the date of transfer. Interest shall be payable annually, the first payment to be made July 1, 1947.

It is further agreed, however, that the terms of payment, including rate of interest, herein provided may be altered by mutual agreement at the time of the final settlement contemplated by Article VI hereof.

FOR THE GOVERNMENT OF THE UNITED STATES

CHESTER T. LANE
Deputy Foreign Liquidation Commissioner
Department of State

FOR THE GOVERNMENT OF THE REPUBLIC OF CHINA

SHOU CHIN WANG
Chairman of the Chinese Supply Commission

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Appendix XI

PIPELINE AGREEMENT WITH BRAZIL

Agreement Between the United States of America and the United States of Brazil on the Disposition of Lend-Lease Supplies in Inventory or Procurement in the United States of America

The United States of America and the United States of Brazil in order to provide for the orderly disposition in their mutual interests of the undelivered articles which were in inventory or procurement in the United States of America, prior to September 2, 1945, for the purpose of providing mutual defense aid to the United States of Brazil under the Act of March 11, 1941, as amended, agree as follows:

Article I

All articles and services undertaken to be provided by the United States of America under this Agreement shall be made available under the authority and subject to the terms and conditions of the Act of March 11, 1941, as amended, and any acts supplementary thereto.

Article II

Within such periods as may be authorized by law, the United States of America agrees to transfer to the United States of Brazil and the United States of Brazil agrees to accept those articles which are or will be available to the United States of America for transfer to the United States of Brazil out of articles that were in inventory or procurement in the United States of America prior to September 2, 1945, for the purpose of providing defense aid under the Act of March 11, 1941, to the United States of Brazil, but were not transferred prior to the date of the signature of this Agreement.

Article III

The United States of Brazil agrees to pay the United States of America for the articles transferred under Article II hereof at a time and in an amount determined as provided in Article III of the Agreement between the United States of America and the United States of Brazil on the subject of defense aid dated March 3, 1942. It is understood that accessorial charges, inland and ocean freight and other expenses connected with the transportation to the United States of Brazil of the articles transferred will be paid by the United States of Brazil.

Article IV

Without limitation upon the provisions of Article II hereof, it is agreed that the approximate value and the general categories of the articles to be transferred hereunder are as follows:

Industrial equipment	$1,014,000
Air Forces equipment	137,000
Ordnance equipment	898,000

Article V

It is agreed that the articles transferred to the United States of Brazil under this Agreement shall not be retransferred to the Government of any third country without the consent of the President of the United States of America.

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Article VI

It is agreed that transfers under this Agreement and articles so transferred are further subject to the provisions of Article VII of the Agreement between the United States of America and the United States of Brazil dated March 3, 1942.

Article VII

The provisions of this Agreement shall not apply to articles covered by requisitions calling for full cash payment by the United States of Brazil or to articles requisitioned under Brazilian Project Number 4 for the airplane engine factory at Xerem.

Article VIII

This Agreement does not constitute a final settlement of the terms and conditions upon which the United States of Brazil has received aid under the Act of March 11, 1941, except for the articles made available under the provisions hereof.

Article IX

It is understood that the articles comprising the category "Ordnance equipment" referred to in Article IV hereof are incomplete and that their completion is not contemplated under the terms of Article II hereof; nevertheless the United States of America agrees to undertake the completion of the said articles at the option and expense of the United States of Brazil.

Article X

This Agreement shall take effect as from this day's date.

DONE in duplicate, at Washington, this 28th day of June, 1946.

FOR THE UNITED STATES OF AMERICA

CHESTER T. LANE,
Deputy Foreign Liquidation Commissioner
Department of State

FOR THE UNITED STATES OF BRAZIL

COLONEL JOAO VALDETARO,
Chief of the Brazilian Military Commission

COMMANDER HEITOR BAPTISTA COELHO,
Chief of the Brazilian Naval Commission

LIEUTENANT COLONEL JOSE VICENTE DE FARIA LIMA,
Chief of the Brazilian Aeronautical Commission

* * *

Agreements for the disposition of lend-lease supplies in inventory or procurement were arrived at in June 1946 with Chile, Cuba, and Peru by informal exchanges of notes.

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Appendix XII

MILITARY AID AGREEMENT WITH CHINA

Agreement Between the Government of the United States of America and the Government of the Republic of China under Section 3 (c) of the Lend-Lease Act

As parties signatory to the United Nations Declaration of January 1, 1942, the Governments of the United States of America and the Republic of China have pledged themselves to employ their full resources, military and economic, against those nations with which they are at war.

The Government of the United States of America and the Government of the Republic of China in further implementation of their Mutual Aid Agreement of June 2, 1942, desire to insure the continuing provision of defense articles, services and information for the Chinese armed forces, including equipment and training, during the period of reoccupation by the Republic of China of its areas occupied by the forces of Japan and of the disarmament and repatriation of Japanese forces remaining on Chinese territory, and during the period of occupation of Japan by the forces of the Republic of China, the United States of America and their allies.

Wherefore, the Government of the United States of America and the Government of the Republic of China agree as follows:

Article I

All aid undertaken to be provided by the Government of the United States of America under this Agreement shall be made available under the authority and subject to the terms and conditions of the Act of March 11, 1941, as amended, and any appropriation acts thereunder.

Article II

The Government of the United States of America will continue after June 30, 1946 to supply the Government of the Republic of China with such defense articles, defense services and defense information as the President of the United States of America shall authorize to be supplied.

(a) for the purpose of the reoccupation of China and the disarmament and repatriation of Japanese troops during a period of time ending on or before October 31, 1946, and in an amount not exceeding $25,000,000 in terms of cost incurred by the Government of the United States of America,

(b) for the purposes of the occupation of Japan for the period of such occupation, but in no event after June 30, 1949, and in an amount determined by the Senior United States Commander in Japan to be necessary to supplement the articles, services and information available to the Chinese forces from the resources of the Republic of China, and

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(c) for the purposes of training, in the United States and elsewhere, of members of the Chinese armed forces, including the so-called air, naval, ground and medical training programs, during the period of time required for the completion of such training but in no event after December 31, 1946, and in an amount not exceeding $15,000,000 in terms of cost incurred by the Government of the United States of America,

subject to the provisions of Article III hereof.

Article III

The appropriate price to be charged the Government of the Republic of China, as determined by the Government of the United States of America, for articles, services and information furnished to the Government of the Republic of China under Article II hereof shall be paid by the Government of the Republic of China to the Government of the United States of America upon presentation of bills therefor.

Article IV

Transfers made under the authority of this Agreement shall in all respects be subject to the terms of Articles III and IV of the Agreement of June 2, 1942 between the Government of the United States and the Government of the Republic of China.

Article V

Nothing in this Agreement shall modify or otherwise affect the final determination, under the Act of March 11, 1941, as amended, and the Mutual Aid Agreement between the two Governments of June 2, 1942, of the terms and conditions upon which the Republic of China has received aid except for the articles and services made available under the provisions of this Agreement.

Article VI

This Agreement shall take effect on the date of signature.

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective Governments, have signed the present Agreement in duplicate at Washington on the 28th day of June 1946.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA

CHESTER T. LANE
Deputy Foreign Liquidation Commissioner
Department of State

FOR THE GOVERNMENT OF THE REPUBLIC OF CHINA

SHOU CHIN WANG
Chairman of the Chinese Supply Commission

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TWENTY-FOURTH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended March 31, 1947

Settlement Agreements with
The Netherlands and South Africa

Status of Pipeline Deliveries

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TWENTY-FOURTH REPORT TO CONGRESS ON LEND-LEASE OPERATIONS

For the Period Ended March 31, 1947

Settlement Agreements with The Netherlands and South Africa

Status of Pipeline Deliveries

Submitted in accordance with
Section 5, Subsection b, of the
Lend-Lease Act of March 11, 1941
Public Law No. 11, 77th Congress, 1st Session

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PRESIDENT'S LETTER OF TRANSMITTAL

To the Congress of the United States of America:

I am transmitting herewith the twenty-fourth report of operations under the Lend-Lease Act.

This report contains a brief statement of the latest reports of transfers made under the Lend-Lease Act since the date of enactment, and a description of the final settlements with the Kingdom of the Netherlands and the Union of South Africa. The texts of the settlement agreements with those two countries are printed in the appendix. Both are in accord with the general principles of settlement followed in negotiating with all the lend-lease governments, and I am satisfied that they are in the best interests of the United States while adhering to the general principles set forth in the various Master Lend-Lease Agreements.

Quarterly reports will hereafter be based on the fiscal reports prepared by the Office of Lend-Lease Fiscal Operations of the Treasury Department. These reports contain statements of the total lend-lease aid rendered and show the status of the lend-lease appropriations in detail. As further final settlements are negotiated, they will be included in the quarterly reports.

Lend-lease operations are now confined to wind-up activities. These consist of negotiating final lend-lease settlements, the disposal of the remainder of the lend-lease "pipelines," and the collection and accounting activities handled by the Treasury Department. Negotiation of final settlements is now in process with the Governments of the U. S. S. R., China, Brazil, Norway, Czechoslovakia, Greece, and Yugoslavia. Delivery of the remaining goods in the "pipelines" is being completed as rapidly as possible for those countries for which authorization was granted by the Congress in the Supplemental Appropriation Act, 1948.

Harry S. Truman.

The White House,
November 10, 1947.

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Chapter 1

LEND-LEASE SETTLEMENTS

Final lend-lease settlement agreements have been negotiated and signed with the Governments of the Kingdom of the Netherlands and the Union of South Africa since the Twenty-Third Lend-Lease Report was transmitted. The contributions to the Allied war effort of these two countries, while widely different in nature, have been recognized as significant in the achievement of final victory. The Dutch Merchant Marine and the Dutch Navy participated actively and on a major scale from the moment of Germany's attack. Inside Holland, although the country was occupied by the Germans almost immediately, the underground remained in contact with Great Britain and contributed vitally important intelligence to the Allied cause. The civilian resistance to the occupying forces was continuous. As the fighting in Europe drew to a close, the Dutch people responded magnificiently to General Eisenhower's appeal to them to obstruct the Germans by acts of sabotage. A general strike, conducted at great personal risk to the Dutch civilians, paralyzed the railways.

The contribution of the South African troops that participated in the campaigns at the front is well known. In addition, South Africa made a significant contribution in the form of manufactured material produced at a greatly increased rate during the war. Convoys of ships carrying vital war supplies around Africa were supplied in South African ports and were protected from enemy attack by South African forces operating along the coasts.

These are the contributions to victory that cannot be measured in financial terms, but must inevitably form the background of negotiations leading to lend-lease and general financial settlements.

Kingdom of the Netherlands

A final lend-lease settlement with the Government of the Kingdom of the Netherlands was signed on May 28, 1947. The text of the agreement, which constitutes a general war accounts settlement, appears as appendix IV. As a result of this settlement, a large number of complex problems affecting the financial relations of the two Governments have been disposed of in a highly satisfactory manner.

Under the agreement, the Netherlands Government is to pay the sum of $67,500,000. In consideration of the payment of this net sum, there are discharged the obligations of the Netherlands Government arising out of

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lend-lease, civilian supplies furnished by the Allied armies as military relief (plan A), and numerous maritime and other claims of each government against the other. The net amount of $67,500,000 to be paid to the United States included payment in full for lend-lease supplies held by the civilian branches of the Netherlands Government on VJ-day and supplies and services furnished subsequently in the lend-lease pipeline. Included in the settlement agreement are revised terms of payment for existing credits aggregating $130,000,000 for the purchase of United States surplus property abroad.

Following the pattern of most previous settlements, the United States asked no payment for pre-VJ-day lend-lease aid supplied to the Netherlands armed forces or for the relatively small amount of supplies and services for civilian use consumed before VJ-day. These together amounted to approximately $118,000,000. Also, in view of the other terms of the settlement, the United States asked no payment for approximately $190,000,000 worth of civilian supplies furnished as military relief in the Netherlands and the Netherlands Indies. These supplies were provided as a matter of military necessity, mostly as part of a joint allied program, in order to prevent disease and unrest behind the lines. On its side, the Netherlands asked for no payment for reverse lend-lease before VJ-day, valued by it at approximately $37,000,000. Each Government reserved the right of recapture of certain arms furnished to the other on lend-lease or reverse lend-lease. The agreement does not affect the obligation of the Netherlands Government to return 56,737,341 ounces of lend-lease silver bullion valued at approximately $40,000,000 at the time of transfer.

The United States undertook to make payments totaling about $25,000,000 on certain claims and other amounts agreed to be due as listed in the settlement agreement. About $21,800,000 of this total has been paid and the Netherlands, as agreed in the settlement, has made a down payment of $19,500,000 on the $67,500,000 due thereunder. It is contemplated that a further payment on the $67,500,000, amounting to approximately $13,700,000, will be made in Netherlands currency for educational programs agreed with the Netherlands or in grounds and buildings for our diplomatic missions and consulates in Netherlands territory.

The remaining $34,300,000, plus any amount of the $13,700,000 not taken up in Netherlands currency or real property for the educational and buildings programs, is payable in dollars in 30 annual installments. The first installment of principal is payable July 1, 1951. Interest under the settlement is at 2 percent, and the first payment of interest fell due July 1, 1947. These same credit terms were made applicable to the existing $130,000,000 surplus property credits.

The two Governments agreed upon procedures for payment and settlement of financial obligations of the United States armed forces incurred while in Netherlands Territory. As part of the settlement, Netherlands currency holdings of the United States armed forces were turned over to the Netherlands Government, and the Netherlands undertook to settle

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many claims against the United States arising out of the presence of United States forces in Netherlands Territory or the use of property and patents owned by Netherlands subjects.

In connection with the settlement and in view of the undertakings of the Netherlands, including payment of the amounts specified in the agreement, a separate arrangement was concluded by the United States, the United Kingdom, and the Netherlands under which the United States waived a claim against the United Kingdom for approximately $1,400,000 arising from shipping matters and the United Kingdom waived a corresponding claim in the same amount against the Netherlands.

In view of the settlement, the Netherlands withdrew certain claims against the United States, totaling more than $3,000,000, for additional compensation for property of the Netherlands Government requisitioned for war purposes in the United States in 1917 and 1918. The agreement contains the waiver of intergovernmental claims, other than those specifically dealt with in the settlement, which has been incorporated in all the lend-lease settlement agreements.

Union of South Africa

A final lend-lease settlement was reached with the Union of South Africa on March 21, 1947. On that date notes were exchanged between the Acting Secretary of State and the Minister of South Africa accepting the terms of an agreement on settlement for lend-lease, reciprocal aid, surplus war property, and claims. The texts of the notes and of the agreement appear as appendix V.

This settlement covered approximately $169,000,000 of lend-lease supplies which were shipped directly from the United States to South Africa. In addition to these direct transfers, South African troops operating under British command in North Africa and Italy received supplies of United States lend-lease origin of an estimated value of slightly over $700,000,000. These supplies were retransferred out of lend-lease material in the possession of the British. In the course of the settlement negotiations, the South African Government took the position that it owed no responsibility to the Government of the United States for any of these supplies other than those taken back to South Africa. This position was accepted in the final settlement.

Under the agreement, the Government of South Africa undertook to pay to the United States $100,000,000, of which $50,000,000 was paid on the date of the settlement, and the other $50,000,000 was to be paid within 180 days. As of the date of this report, South Africa has completed payment of the entire $100,000,000. In consideration of the total payment by South Africa, the United States Government transferred title to substantially all the lend-lease articles delivered during the war. In addition, certain surplus property, resulting from the return of lend-lease equipment in the hands of the British, was turned over to the South African Government. Lend-lease arms, ammunition, and lethal weapons held by South Africa

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may not be transferred to any third country without the prior consent of the Government of the United States. The South African Government assumed responsibility for the settlement of claims against the United States or members of the United States armed forces arising from acts or omissions occurring in South Africa during the war. The customary intergovernmental waiver of all claims arising out of the war was also incorporated into the agreement.

The most notable feature of the South African settlement is the large cash payment, exceeding the cash payment made by any of the other lend-lease governments with which final settlements have been negotiated.

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Chapter 2

PIPELINE DELIVERIES

The nature and general purpose of the lend-lease "pipelines" have been described in detail in previous reports to the Congress on lend-lease operations. In brief, they consist of those articles, selected by the foreign governments for post-VJ-day delivery, which had been requisitioned by the foreign governments prior to VJ-day and which, on VJ-day, were, in the case of industrial articles, under contract with suppliers or, in the case of agricultural goods, had been allocated for the third or fourth quarter of 1945. Agreements calling for the delivery of these goods were made with those foreign governments which undertook to pay for them on cash or reasonable credit terms. These agreements covered approximately $1,200,000,000 worth of goods as of VJ-day, and as of December 31, 1946, all but approximately $30,000,000 worth had been transferred and shipped.

Deliveries under the various pipeline agreements were suspended after December 31, 1946, as a result of the ruling of the Comptroller General based on the action of the Congress in passing the Third Deficiency Appropriation Act, 1946, approved July 23, 1946. (See appendix II.) Under this act, the sum appropriated therein for the expenses of the Agriculture and Treasury Departments in completing pipeline deliveries were not to be used for any expense incident to the shipping abroad of any commodities after December 31, 1946. In an effort to carry out the agreements made with the various foreign governments pursuant to the authority of section 3 (c) of the Lend-Lease Act, the various governments were asked to deposit sufficient funds to pay the cost of the expenses for which the appropriated funds were not to be used. The sum of $873,211.98 was deposited pursuant to this request, and held in a special deposit account in the Treasury Department. The Comptroller General ruled, however, that these funds could not be used for this purpose unless the Congress indicated that such use would not violate the intent of the Third Deficiency Appropriation Act, 1946.

Following the ruling of the Comptroller General, officials of the Department of State appeared before the Appropriations Committees of the House and Senate to ask for a clarification of the intention of the Third Deficiency Appropriation Act, 1946. After extensive hearings, and following the submission of proposed legislation in a message from the President dated June 5, 1947, there was included in the Supplemental Appropriation Act, 1948, a provision appropriating $500,000 for liquidation expenses of the Treasury Department, including the completion of pipeline deliveries for Australia,

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Belgium, China, France, Saudi Arabia, Guatemala,[1] Brazil, Peru, the United Kingdom, and the Netherlands. (See appendix III.) The omission of the Soviet Union from this list means that the pipe line material in storage and on order for delivery to the U. S. S. R. under the agreement of October 15, 1945, cannot be transferred. As a result the material will be disposed of under the Surplus Property Act, and, subject to applicable laws, will be available to any purchaser and for any other programs of the United States Government.

At the time of passage of the Supplemental Appropriation Act, 1948, there remained for delivery to the various foreign governments the following quantities of material:

Country	Estimated undelivered value
Australia	$906,000
Belgium	404,000
Brazil	48,000
China	1,290,000
France:	
Continental France	5,663,000
French North Africa	418,000
West Africa	115,000
Peru	1,000
Netherlands	135,000
Saudi Arabia	51,000
United Kingdom	32,000
U. S. S. R.	19,372,000
Guatemala	1,190,000
Total	29,625,000

The only other uncompleted agreement under section 3 (c) of the Lend-Lease Act is the agreement of December 31, 1943, with the Government of Liberia, calling for the construction of a port, port facilities, and access roads at Monrovia, Liberia. Although the port itself is substantially completed, the construction of access roads is still under way, and is expected to continue into 1948.

Every effort is being made to finish the work of delivering the remaining pipeline material at the earliest possible date. The material in storage will be shipped within a very short time. The material covered by uncompleted contracts will be shipped as soon as it is delivered by the manufacturers, and measures are being taken to expedite delivery by the suppliers.

[1] Pipe-line deliveries for Guatemala are actually handled by the War Department, and therefore the funds made available by Public Law 271 will not be used for the expenses incident to shipment of articles for that country.

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Chapter 3

LEND-LEASE AID AND RECEIPTS

According to the most recent computation, the value of all transfers of goods and services under the Lend-Lease Act from the date of enactment through March 31, 1947, is $50,377,618,339.74. This figure will change hereafter only if the relatively small residue of material in the lend-lease pipelines is transferred, and if adjustments and corrections in accounts and records are reported by the various procurement agencies. All such changes will be reported in the fiscal reports that will be made a part of future quarterly reports on lend-lease operations.

Since VJ-day aid provided has aggregated $2,204,921,233.34, representing almost exclusively sales of material that was under contract prior to September 2, 1945 and field transfers to China for clean-up operations against the Japanese. These transfers have been covered by the pipeline agreements negotiated under the authority of section 3 (c) of the Lend-Lease Act. A few of the post-VJ-day transfers of material in the United States have consisted of goods covered by cash reimbursement requisitions, under which the foreign governments have deposited the full cost of the goods in advance. With relatively minor exceptions all post-VJ-day transfers are subject to agreements under which the recipient governments pay for the goods in cash or on credit terms approved by the National Advisory Council.

One of the important operations under the Lend-Lease Act has been the collection and disposition of cash receipts resulting from all types of lend-lease transactions. Total net receipts through March 31, 1947, have aggregated $1,405,382,666.67. Of this amount, $788,465,419.73 was deposited directly into the general funds of the Treasury, while slightly over $200,000,000 was paid to the various procurement agencies for disposition according to law. The remainder has been held or deposited under various regulations.

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APPENDIXES

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Appendix I

LEND-LEASE ACT

AN ACT further to promote the defense of the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

Section 2

As used in this Act—

(a) The term "defense article" means—

(1) Any weapon, munition, aircraft, vessel, or boat;

(2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;

(3) Any component material or part of or equipment for any article described in this subsection;

(4) Any agricultural, industrial, or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

Section 3

(a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

(1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government, any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way

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under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed $1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency, or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory: *Provided, however,* That nothing in this paragraph shall be construed to authorize the President to assume or incur any obligations on the part of the United States with respect to post-war economic policy, post-war military policy, or any post-war policy involving international relations except in accordance with established constitutional procedure.

(c) After June 30, 1946, or after the passage of a concurrent resolution by the two Houses before June 30, 1946, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1949, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1946, or before the passage of such concurrent resolution, whichever is the earlier: *Provided, however,* That nothing in section 3 (c) shall be construed to authorize the President to enter into or carry out any contract or agreement with a foreign government for post-war relief, post-war rehabilitation or post-war reconstruction; except that a contract or agreement entered into in accordance with this Act in which the United States undertakes to furnish to a foreign government defense articles, services, or information for use in the prose-

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cution of the present war and which provides for the disposition, on terms and conditions of sale prescribed by the President, of any such defense articles, services, or information after the President determines they are no longer necessary for use by such government in promoting the defense of the United States shall not be deemed to be for post-war relief, post-war rehabilitation or post-war reconstruction.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

Section 4

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense articles or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

Section 5

(a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President, from time to time, but not less frequently than once every 90 days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

Section 6

(a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds

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were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1949.

Section 7

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall, in all contracts or agreements for the disposition of any defense article or defense information, fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owner and holders of such patents.

Section 8

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

Section 9

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

Section 10

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

Section 11

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

Approved March 11, 1941. Public Law 11, Seventy-seventh Congress.

The "Lend-Lease Act" was extended or amended by Public Law 353, Seventy-seventh Congress; Public Law 304, Seventy-eighth Congress; Public Law 31, Seventy-ninth Congress; Public Law 9, Seventy-eighth Congress.

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Appendix II

PUBLIC LAW 521

Seventy-ninth Congress

TITLE I. GENERAL APPROPRIATIONS

DEFENSE AID—LEND-LEASE

* * * * * * *

Liquidation: Not to exceed $5,500,000 of the funds made available by title II of the Second Deficiency Appropriation Act, 1945, and other Acts mentioned in said title for carrying out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, are hereby continued available during the fiscal year 1947 for the liquidation of the activities under said Act of March 11, 1941, said sum to be derived from the amounts appropriated for the several categories for which appropriations have been made as may be determined by the Secretary of State, or such official as he may designate: *Provided*, That the amount named herein shall not be available for any expense incident to the shipment abroad of any commodities after December 31, 1946.

* * * * * * *

SEC. 408. This Act may be cited as the "Third Deficiency Appropriation Act, 1946."

APPROVED July 23, 1946.

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Appendix III

PUBLIC LAW 271

Eightieth Congress

An Act making supplemental appropriations for the fiscal year ending June 30, 1948, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply supplemental appropriations for the fiscal year ending June 30, 1948, and for other purposes, namely:

* * * * * * *

DEFENSE AID, LIQUIDATION LEND-LEASE PROGRAM

For the liquidation by the Treasury Department in the fiscal year 1948 of activities under the Act to promote the defense of the United States, approved March 11, 1941, $500,000: *Provided*, That the foregoing amount shall be available for expenditure in connection with shipment of commodities contracted for prior to January 1, 1947 (but not heretofore shipped), for the account of only Australia, Belgium, Guatemala, China, France, Saudi Arabia, Brazil, Peru, the United Kingdom, and the Netherlands.

* * * * * * *

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Appendix IV

NETHERLANDS SETTLEMENT AGREEMENT

Agreement Between the Government of the United States of America and the Government of the Kingdom of the Netherlands Regarding Settlement for Lend-Lease, Reciprocal Aid, Surplus Property, Military Relief, and Claims

The Government of the United States of America (hereinafter referred to as the United States Government) and the Government of the Kingdom of the Netherlands (hereinafter referred to as the Netherlands Government), comprising the Kingdom in Europe, the Netherlands Indies and the Territories of Surinam and Curaçao, have reached an understanding regarding a settlement for lend-lease and reciprocal aid, for certain surplus property, for the Netherlands Government's obligation to the United States Government for civilian supplies furnished as military relief in the Netherlands and in the Netherlands Indies, and for other financial claims of each Government against the other arising out of the conduct of the war. This settlement is complete and final, and both Governments agree that, except as herein specifically provided, no further benefits will be sought by either Government as consideration for the foregoing. In arriving at this understanding, both Governments have recognized the benefits accruing to each from their contributions to the defeat of their common enemies, and have adhered to and hereby reaffirm their adherence to the principles expressed in Article VII of the Preliminary Agreement on Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, signed on July 8, 1942.

1. *Amount Due*

As used in this Agreement the "total principal amount" due from the Netherlands Government to the United States Government is the sum of—

A. $67,500,000, which is agreed by the two Governments to be the net amount due from the Netherlands Government to the United States Government with respect to lend-lease, reciprocal aid, civilian supplies furnished as military relief in the Netherlands (Plan A) and in the Netherlands Indies, certain aircraft heretofore sold by the United States Government to the Netherlands Government, certain claims between the two Governments settled by this Agreement, and guilders in the accounts of finance officers of the United States armed forces, and

B. The amount due to the United States Government from the Netherlands Government under the $30,000,000 line of credit (referred

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to in par. 5 of this Agreement) for the purchase of surplus property. The terms of payment of the total principal amount are set forth in paragraph 6 of this Agreement.

2. *Military Relief and Related Operations*

In view of the benefits accruing to the two Governments from their contributions to the common war effort and in view of the payment specified in sub-paragraph 1A of this Agreement and of the other provisions of this Agreement:

A. The obligation of the Netherlands Government for the United States Government's share of the combined bills for civilian supplies furnished as military relief in the Netherlands (Plan A) is considered settled. The Netherlands Government recognizes that the settlement hereby made with the United States Government in no way impairs the obligation of the Netherlands Government to the United Kingdom and Canadian Governments for their shares of the combined claim for Plan A.

B. The United States Government's share of guilder proceeds from the sale of Allied publications distributed in the Netherlands in connection with military operations reverts to the Netherlands Government.

3. *Intergovernmental Claims*

A. The following financial claims between the two Governments will be settled and paid in dollars in accordance with procedures already established:

(1) Claims of the United States Government for the cost of lend-lease supplies and services transferred to the Netherlands Government by the United States Government on cash reimbursement terms not subsequently converted to other terms, and claims of the Netherlands Government for the excess of the amounts deposited by it with the United States Government under cash reimbursement lend-lease requisitions (including requisitions subsequently converted wholly or partly to other terms) over the cost of supplies and services transferred thereunder to the Netherlands Government on cash reimbursement terms not subsequently converted to other terms.

(2) Balance owing to the Netherlands Government under the portion of the agreement described in the Memorandum signed on May 30, 1942, by representatives of the United States Department of State and Office of Lend-Lease Administration whereby the United States Government took over the war material in the United States procured by, or at that time under contracts in the United States let by, the Netherlands Government.

(3) Claims covered by the "Memorandum Concerning Disposition of and Payment for Cargoes Carried on Twelve Dutch Ships diverted to Australia," dated December 20, 1944, and claims covered by the

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"Memorandum Concerning Disposition of and Payment for Certain Aircraft and Gun Parts Shipped to Australia by Netherlands Purchasing Commission," dated December 20, 1944.

(4) Claims of either Government against the other arising under the terms of the Netherlands-American Charter Plan dated March 6, 1942.

(5) Claims of either Government against the other arising under the "bareboat out-time charter back" chartering arrangements, including claims of the Netherlands Government against the United States Government as war or marine risk insurer or assumer by reason of (a) any loss or damage to the chartered vessel or (b) any claims against the chartered vessel other than (i) those waived or assumed under this Agreement, (ii) those waived or assumed by a third government or UNRRA under any present or future agreement with the United States Government, and (iii) those subject to the practice of the United States Government regarding interdepartmental waiver of claims.

(6) The claim of the Netherlands Government for repayment of the net balance of guilders advanced by it to the United States War Shipping Administration.

(7) The claim of the Netherlands Government for the repayment of the payment previously made to the United States Government under the "Agreement between the United States of America and the Kingdom of the Netherlands under Section 3 (c) of the Lend-Lease Act," signed on April 30, 1945.

B. To avoid the necessity of making adjustments hereafter in certain accounts and to facilitate the determination of certain amounts payable under sub-paragraph 3A of this Agreement, the two Governments agree upon $17,820,000 as the cost of supplies and services transferred to the Netherlands Government through the agency of the United States War and Navy Departments, on cash reimbursement terms not subsequently converted to straight lend-lease terms, under lend-lease requisitions which, when filed by the Netherlands Government, called for direct cash reimbursement, but not including lend-lease requisitions filed directly with the United States Navy Department. This sum of $17,820,000, heretofore paid by the Netherlands Government, includes an allowance for charges not yet reported and is not subject to adjustment. Such allowance will be disregarded in determining claims under sub-paragraph 3A (3) of this Agreement.

C. The two Governments have agreed upon arrangements and procedures with respect to payment for articles and services procured in the Kingdom of the Netherlands for the United States armed forces and certain aircraft procured by the United States armed forces in the United States from the Netherlands Government and with respect to the return to the Netherlands Government of guilders held by the United States armed forces.

D. The claims between the two Governments listed in Appendix 1 hereto are among those settled by this Agreement and appropriate allowances have been made therefor in computing the net amount due from the

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Netherlands Government to the United States Government under sub-paragraph 1A of this Agreement.

E. The following arrangements are agreed on with respect to the time during which the large U. S. 7 (c) ships and the small U. S. 7 (c) ships (as defined in Appendix 1 hereto), as the case may be, were severally operated by the Netherlands Government for the United States Government during the 7 (c) period (as defined in Appendix 1 hereto):

(1) The United States Government will bear the cost of all services and supplies, not hitherto paid for by the Netherlands Government, furnished by the United States Government to the Netherlands Government for the large U. S. 7 (c) ships and the small U. S. 7 (c) ships during such time.

(2) The Netherlands Government will retain all earnings, if any, arising from the commercial carriage of passengers and cargo on the large U. S. 7 (c) ships and the small U. S. 7 (c) ships during such time.

(3) The Netherlands Government will process all claims against the United States Government, or respecting which the ultimate liability is that of the United States Government, arising from the commercial carriage of passengers and cargo on the large U. S. 7 (c) ships and the small U. S. 7 (c) ships during such time, and will discharge the liability of the United States Government with respect thereto, except to the extent that third Governments have already undertaken to do so without being reimbursed in cash.

F. As further specified in Appendix 2 hereto, each Government waives all its claims against the other which arose out of requisitioning for use in the war program of property of the claimant Government and, except as provided in sub-paragraph 3A (5) of this Agreement, all its claims against the other, and all its claims respecting which the ultimate liability is that of the other, which arose out of maritime incidents occurring on or after May 10, 1940, and prior to July 1, 1946.

G. Each Government waives all other financial claims against the other Government not otherwise dealt with in this Agreement which

(a) have arisen or may hereafter arise out of lend-lease or reciprocal aid, or

(b) otherwise arose out of incidents occurring on or after May 10, 1940, and prior to July 1, 1946, connected with or incidental to the conduct of the war,

except

(1) claims arising out of established arrangements where liability has heretofore been acknowledged and the method of computation agreed;

(2) claims arising out of retransfers, consented to by the United States Government after December 31, 1946, of lend-lease articles by a third government to the Netherlands Government; and

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(3) claims presented in accordance with the practice whereby one government espouses a claim of one of its nationals and submits it through diplomatic channels to another government.

4. *Private Claims*

A. The Netherlands Government will process the claims described in the following sub-paragraphs (1) to (4) and will discharge the liability with respect thereto of the United States Government and of the individuals, firms, and corporations against whom such claims are asserted as there described, except to the extent that third governments have already undertaken to do so without being reimbursed in cash, namely:

(1) Claims against the United States Government, or respecting which the ultimate liability is that of the United States Government, arising from maritime incidents (including those specified in Appendix 2 hereto) occurring on or after May 10, 1940, and prior to July 1, 1946, asserted or about to be asserted in courts of the Kingdom of the Netherlands, or asserted anywhere by individuals, firms, and corporations, subjects of the Kingdom of the Netherlands at the time of the event giving rise to the claim, but not including claims of Netherlands subjects based upon service as seamen. In addition, as part of the general settlement, the Netherlands Government, without giving rise to any financial obligation on the part of the United States Government, will, at the request of the United States Government, take such steps as may be necessary, including the assumption of financial responsibility, to release vessels and cargoes belonging to the United States Government from legal actions brought to enforce any such claims.

(2) Claims of individuals, firms, and corporations, domiciled in territory of the Kingdom of the Netherlands at any time between May 10, 1940, and September 2, 1945 (except individuals who are exclusively United States nationals), against the United States Government, its contractors or subcontractors, for royalties under contracts for the use of inventions, patented or unpatented, or for infringement of patent rights, in connection with war production carried on or contracted for prior to September 2, 1945, by the United States Government, its contractors or subcontractors.

(3) Claims, whether contractual or noncontractual, against the United States Government and against members of its armed forces and civilian personnel attached thereto arising out of acts or omissions in territory of the Kingdom of the Netherlands of members of such armed forces or such civilian personnel, both line-of-duty and non-line-of-duty, occurring on or after May 10, 1940, and prior to September 2, 1945, in the case of contracts, and occurring on or after May 10, 1940, and prior to July 1, 1946, in the case of other acts or omissions.

(4) Claims of individuals, firms, and corporations, subjects of the Kingdom of the Netherlands at the time of the event giving rise to the claim, against the United States Government arising out of the

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requisitioning (as specified in Appendix 2 hereto) for use in the war program of property located in the United States in which the claimant asserts an interest.

B. An appropriate allowance for the undertaking of the Netherlands Government in sub-paragraph 4A of this Agreement has been made in computing the net amount of $67,500,000 due from the Netherlands Government to the United States Government under sub-paragraph 1A of this Agreement.

5. *Surplus Property*

A. The two Governments agree that their rights and obligations in connection with the line of credit for the purchase of surplus property heretofore granted by the United States Government in the amount of $30,000,000 (originally $20,000,000) shall be as stated in this Agreement; and the letters dated May 14, 1946, and December 9, 1946, from the United States Central Field Commissioner for Europe, Office of the Foreign Liquidation Commissioner, to the Netherlands Treasurer General, accepted by the Netherlands Government, establishing the line of credit, and subsequent communications relating thereto, are superseded by this Agreement. Like provision regarding the rights and obligations under the line of credit for the purchase of surplus property heretofore granted by the United States Government to the Netherlands Indies Government in the amount of $100,000,000 is made in a separate agreement signed concurrently herewith by the United States Government and the Netherlands Indies Government.

B. The terms of payment of the amount due under the $30,000,000 line of credit shall be as stated in paragraph 6 of this Agreement. This change from the original terms of payment, and the like change regarding the $100,000,000 line of credit made in the separate agreement signed concurrently herewith by the United States Government and the Netherlands Indies Government, have been consented to by the United States Government as part of the general settlement herein made.

C. The $30,000,000 line of credit is for use in purchasing prior to January 1, 1948, United States surplus property, wherever situated, made available by the Office of the Foreign Liquidation Commissioner.

D. Charges heretofore made against the $30,000,000 line of credit shall continue to be charges against it as from the respective dates of the charges, but, with respect to the accrual of interest, shall be subject to the provisions of sub-paragraph 6C of this Agreement. The bulk sales of surplus property in the Territories of Curaçao and Surinam shall be charges against the $30,000,000 line of credit.

E. Procedural arrangements heretofore made in connection with the $30,000,000 line of credit shall continue in force until changed.

6. *Terms of Payment*

A. The Netherlands Government undertakes that, as and when the amounts payable by the United States Government under sub-paragraph 3A of this Agreement are paid, it will pay equivalent amounts in dollars to

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the United States Government up to a total of $19,500,000, in partial payment of the total principal amount due from it to the United States Government.

B. The remainder of the total principal amount due from the Netherlands Government to the United States Government will be paid by the Netherlands Government to the United States Government in dollars in thirty annual installments, which shall become payable on July 1 of each year beginning July 1, 1951. The first instalment shall be equal to one-thirtieth of the unpaid portion as of July 1, 1951, of the total principal amount. Each subsequent instalment shall be equal to so much of the unpaid portion (as of the date of the instalment) of the total principal amount as has not previously become payable, divided by the number of instalments that have not previously become payable.

C. Interest will be paid to the United States Government by the Netherlands Government in dollars at the fixed rate of two percent per annum on $50,000,000 (which is agreed to be the net sum of such of the charges constituting the total principal amount as are attributable to the period before July 1, 1946) for the period from July 1, 1946, through June 30, 1947, and, accruing from July 1, 1947, on the unpaid remainder of the total principal amount. With respect, however, to charges made under the $30,000,000 line of credit, interest shall accrue from the first day of July next following the date on which each charge is made. With respect to the amount of any reduction in the total principal amount under the terms of sub-paragraph 6D and paragraph 7 of this Agreement interest for the period from the preceding July 1 shall be charged only to the date of such reduction. Interest shall be payable annually on July 1 of each year beginning July 1, 1947.

D. The Netherlands Government may at any time or times make payments to the United States Government under this Agreement of amounts not then payable or larger than are then payable. Any such payments will be credited first to past due interest, if any, and then to past due instalments, if any, and then to the unpaid remainder of the total principal amount.

E. If by agreement of both Governments it is determined that because of extraordinary and adverse economic conditions arising during the course of payment, any of the periodic payments of interest, of principal, of interest and principal, or of any part thereof would not be to the common advantage of both Governments, payment may be postponed on such terms and conditions as may be agreed.

7. *Provision of Netherlands Currency and of Property*

A. The Netherlands Government, when requested by the United States Government, will make available at any time or times, by payment to the United States Government or to such persons or organizations as the United States Government may designate, Netherlands currency in any amount (computed as provided in sub-paragraph 7E of this Agreement) not in excess of the then unpaid portion of the total principal amount plus past due interest, for:

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(1) The payment of any or all of the ordinary governmental expenditures in the Kingdom of the Netherlands (other than the Netherlands Indies) of the United States Government or any department or agency thereof;

(2) The acquisition of real property, improvements thereon or furnishings therefor, agreed upon by the two Governments; and

(3) The payment of the cost of educational programs agreed upon by the two Governments.

B. In case the United States Government wishes to acquire any property (located in the Kingdom of the Netherlands, other than the Netherlands Indies), real or personal, tangible or intangible (other than for export except by mutual agreement), or to improve or furnish any property so located in which it has an interest, the Netherlands Government will at any time or times, as requested by the United States Government, enter into negotiations, and use its best efforts consistent with its public policy, to reach an agreement with the United States Government whereby there will be delivered to the United States Government the properties, improvements, or furnishings which the United States Government desires or which the representatives of the United States Government have selected. Representatives of the United States Government may at their discretion conduct discussions directly with owners of property or with contractors for improvements or furnishings as to fair terms and prices prior to the delivery of such property or improvements or furnishings to the United States Government.

C. The United States Government declares that it is now its intention to request that Netherlands currency be made available for agreed educational programs under sub-paragraph 7A of this Agreement to the value of $5,000,000 and that it is now its intention to request that Netherlands currency be made available for, or that there be delivered, real property, improvements and furnishings, or both, under sub-paragraphs 7A and 7B of this Agreement to the value of $8,700,000. This statement of intention does not prevent the United States Government from later proposing different amounts from these in these connections. The foregoing amounts are inclusive of amounts heretofore requested under corresponding arrangements hitherto existing under the $30,000,000 line of credit.

D. The dollar equivalent (computed in accordance with sub-paragraph 7E of this Agreement) of any Netherlands currency made available and of the Netherlands currency value of any properties, improvements and furnishings delivered under this paragraph 7 or under corresponding arrangements hitherto existing under the $30,000,000 line of credit shall be credited first to interest, if any, and then to instalments, if any, past due to the United States Government under this Agreement and then to the unpaid remainder of the total principal amount due under this Agreement.

E. Any Netherlands currency made available and the Netherlands currency value of any properties, improvements, and furnishings delivered under this paragraph 7 or under corresponding arrangements hitherto ex-

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isting under the $30,000,000 line of credit will be valued at the par value between such currency and dollars established in conformity with procedures of the International Monetary Fund, or, if no such par value exists, at the rate most favorable to the United States Government used by the Netherlands Government in any official transaction at the time of the request by the United States Government that such currency be made available or that such properties, improvements or furnishings be delivered.

8. *Silver*

Nothing in this Agreement affects the obligation of the Netherlands Government in connection with silver transferred to it by the United States Government under lend-lease.

9. *Transfer of Title*

A. Except as provided in sub-paragraphs 9B and 9C of this Agreement, the United States Government and the Netherlands Government receive full title, without qualification as to disposition or use, to all articles now held by them respectively which were supplied under lend-lease or reciprocal aid, but including retransferred lend-lease articles only to the extent that consent to the retransfer was given by the United States Government before January 1, 1947.

B. Each Government reserves the right of recapture of any arms, ammunition, and implements of war (as defined in Appendix 2 hereto) which were supplied under lend-lease or reciprocal aid and are held by the other Government on the date on which notice requesting return is communicated to the other Government (excepting, however, those supplied under lend-lease on cash reimbursement terms not subsequently converted to straight lend-lease terms); but each Government has indicated that it does not intend to exercise generally its right of recapture of such articles. Disposals of such articles in or for use in third countries will be made only with the consent of the supplying Government and with payment to the supplying Government of any proceeds of such disposals. Each Government agrees that all such articles held by it will be used only for purposes compatible with the principles of international security and welfare set forth in the Charter of the United Nations.

C. To the extent required by United States law, naval and merchant vessels which were made available to the Netherlands Government under lend-lease will be returned to the United States Government.

10. *Miscellaneous Provisions*

A. References in this Agreement to articles supplied under lend-lease, and to lend-lease transfers, include lend-lease articles transferred by the United States Government to a third government and retransferred by the third government to the Netherlands Government.

B. To the extent that the provisions of this Agreement are inconsistent with those contained in any previous agreement, the provisions of this Agreement shall prevail.

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C. Nothing in this Agreement affects the obligation of the Netherlands Government under Article IV of the Preliminary Agreement of July 8, 1942, relating to patents.

D. The two Governments agree to conclude such specific agreements as may be necessary to implement this general understanding.

E. This Agreement will be effective upon signature.

DONE at Washington, in duplicate, this twenty-eighth day of May 1947.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

G. C. MARSHALL,

Secretary of State of the United States of America

FOR THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS:

A. LOUDON

Ambassador Extraordinary and Plenipotentiary of the Kingdom of the Netherlands

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APPENDIX 1

CERTAIN CLAIMS BETWEEN THE TWO GOVERNMENTS SETTLED BY THIS AGREEMENT

As stated in subparagraph 3D of this Agreement, the claims between the two Governments listed in this Appendix are among those settled by this Agreement and appropriate allowances have been made therefor in computing the net amount due from the Netherlands Government to the United States Government under subparagraph 1A of this Agreement.

I. Claims of the Netherlands Government

As used in this Agreement the term "large U. S. 7 (c) ships" means the ships listed in Schedule 1 hereto attached, and the term "small U. S. 7 (c) ships" means the ships listed in Schedule 2 hereto attached. All these ships were originally among those chartered by the British Minister of War Transport from the Netherlands Government pursuant to the "Memorandum of Arrangement Regarding Netherland East Indies Shipping. 5th June 1942." and allocated to the United States Government. They were the ships later removed from that arrangement, with the concurrence of the United Kingdom Government, by an exchange of notes between the Netherlands Embassy at Washington and the United States Department of State dated June 6, 1945, and July 31, 1945, and they were severally operated by the Netherlands Government for the United States Government in conformity with that exchange of notes for the whole of the 7 (c) period (as defined below) or from the beginning of the 7 (c) period until they were allocated during the 7 (c) period to the United Kingdom Government.

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The designation "7 (c)" derives from the application to these ships of paragraph 7 (c) (second sentence) of the Agreement on Principles Having Reference to the Co-ordinated Control of Merchant Shipping, signed in London on August 5, 1944.

The term "7 (c) period" means, as used in this Agreement in respect of the large U. S. 7 (c) ships and the small U. S. 7 (c) ships, the period from midnight May 23, 1945, until the date of redelivery in each case to the Netherlands Government, or until March 2, 1946, whichever was the earlier.

As used in this Agreement the term "June 5 Memorandum" means the above-mentioned Memorandum of June 5, 1942.

A. The following claims of the Netherlands Government against the United States Government in connection with the large U. S. 7 (c) ships are among those settled by this Agreement:

1. Services and supplies for the large U. S. 7 (c) ships during the 7 (c) period.

2. (a) Reconditioning and reconversion of the ships listed in Part A of Schedule 1 hereto attached, and (b) reconversion, as distinguished from reconditioning, of the ships listed in Part B of Schedule 1 hereto attached.

(i) The contribution of the United States Government toward vessel expenses during the respective periods of reconditioning/reconversion, forming part of the allowance for the claims set forth in clauses 2 (a) and 2 (b) immediately above, has been computed on the basic bareboat rate under the June 5 Memorandum and respective time estimates for reconditioning/reconversion provided by the Netherlands Government.

(ii) The allowance made by the United States Government for the replacement of furniture has been computed on the basis of the articles named in the respective off-survey reports, and on the basis of the cost of procurement and installation of the furniture at the respective ports of reconversion.

(iii) The allowance made by the United States Government in respect of reconversion has been made, inter alia, on the basis of removing and making good in the way thereof, fittings added during the conversion of the ships, and takes account of an allowance made by the Netherlands Government to the United States Government for equipment of the United States Government left aboard. Such equipment becomes the property of the Netherlands Government.

(iv) The allowance made by the United States Government with respect to reconditioning includes war-risk insurance damage to the ships listed in Part A of Schedule 1 hereto attached, insofar as such damage was incurred during the 7 (c) period.

3. Costs of medical departments maintained by the Netherlands

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Government in the United States with respect to the large U. S. 7 (c) ships during the 7 (c) period.

4. Services as Accounting Line (agency services) for the large U. S. 7 (c) ships with respect to the 7 (c) period.

B. The following claims of the Netherlands Government against the United States Government in connection with the small U. S. 7 (c) ships are among those settled by this Agreement:

1. Services and supplies for the small U. S. 7 (c) ships while they were severally operated by the Netherlands Government for the United States Government during the 7 (c) period.

2. Reconversion and reconditioning of the small U. S. 7 (c) ships. The claim put forward by the Netherlands Government and the allowance therefor made by the United States Government have been restricted to expenses of reconversion and reconditioning attributable to the use of the ships by the United States Government during the 7 (c) period and have been computed on a pro-rata basis on figures submitted by the Netherlands Government covering the over-all reconversion/reconditioning expenses arising from the date of delivery of the vessels under their basic charterparties in 1942. This claim is without prejudice to claims for additional reconversion/reconditioning expenses under the basic charter parties.

3. Services as Accounting Line (agency services) for the small U. S. 7 (c) ships with respect to the period while they were severally operated by the Netherlands Government for the United States Government during the 7 (c) period.

C. The following further shipping claims of the Netherlands Government against the United States Government are among those settled by this Agreement:

1. A portion of the costs (not paid by the United States Navy) of arming certain Netherlands ships chartered pursuant to the June 5 Memorandum and allocated to the United States Government.

2. 80%, payable in dollars, of the hire increase on ships chartered pursuant to the June 5 Memorandum (the hire increase being one shilling per deadweight ton per month from July 1, 1944 until redelivery and (due to the waiver of off-hire insurance) sixpence per deadweight ton per month from July 1, 1944 to December 31, 1944). The allowance made by the United States Government in respect of this claim is accepted by the Netherlands Government in satisfaction of its claim under the June 5 Memorandum for 80%, payable in dollars, of such hire increase.

3. Dollar expenditures for free Netherlands ships in United States ports between August 21, 1941, and September 30, 1945, of a type eligible for lend-lease.

4. Charter hire in the amount of $180,000 under "bareboat out-time charter back" chartering arrangements (claim withdrawn in considera-

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tion of the withdrawal by the United States Government of its claim for reduction of charter hire under such arrangements).

II. Claims of the United States Government

A. The following claims of the United States Government against the Netherlands Government are among those settled by this Agreement:

1. Equipment of the United States Government left aboard the large U. S. 7 (c) ships, as stated in subparagraph IA2 (iii) of this Appendix.

2. Dollar amounts due for retroactive reverse lend-lease under the exchange of letters between E. C. Zimmerman, Chairman of the Netherlands Purchasing Commission, and Charles Denby, Special Assistant for Reciprocal Aid, Foreign Economic Administration, dated September 20 and 26, 1944.

SCHEDULE 1 OF APPENDIX 1

THE LARGE U. S. 7 (c) SHIPS

PART A:
- BOSCHFONTEIN.
- BRASTAGI.
- JAPARA.
- KLIPFONTEIN.
- KOTA AGOENG.
- KOTA BAROE.

PART B:
- BLOEMFONTEIN.
- KOTA INTEN.

PART A—Continued.
- POELAU LAUT.
- SLOTERDIJK.
- SOMMELSDIJK.
- TABINTA.
- TJISADANE.

PART B—Continued.
- NOORDAM.
- WELTEVREDEN.

SCHEDULE 2 OF APPENDIX 1

THE SMALL U. S. 7 (c) SHIPS

- BONTEKOE.
- BOTH.
- MAETSUYCKER.
- SWARTENHONDT.
- TASMAN.
- THEDENS.
- VAN DER LIJN.
- VAN HEUTSZ.

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MEANING OF CERTAIN TERMS

1. *Maritime incidents.*—The term "maritime incidents", as used in sub-paragraphs 3F and 4A (1) of this Agreement, includes damages to shore structures, aids to navigation, and port installations, fixed or movable, arising out of marine operations.

2. *Requisitioning.*—As applied to action by the United States Government the term "requisitioning", as used in sub-paragraphs 3F and 4A (4) of this Agreement, means requisitioning and taking over under the Act of Congress of October 10, 1940, 54 Statutes at Large 1090, and amendments thereto, or under the Act of Congress of October 16, 1941, 55 Statutes at Large 742, and amendments thereto, as the case may be.

3. *Corporations.*—The term "corporations", as used in the first sentence of paragraph 4 of this Agreement, includes public bodies of United States nationality of whatever character, and, as used in sub-paragraphs 4A (1), (2) and (4) of this Agreement, includes public bodies of Netherlands nationality of whatever character.

4. *Arms, Ammunition and Implements of War.*—As used in paragraph 9 of this Agreement the term "arms, ammunition and implements of war" means supplies of the types listed in Proclamation number 2717 of the President of the United States, dated February 14, 1947, 12 Federal Register 1127.

HA–5336

Exchange of Notes

NETHERLANDS EMBASSY,
Washington 9, D. C., May 28, 1947.

The Honorable GEORGE C. MARSHALL,
Secretary of State.

SIR: I have the honor to refer to the Agreement for the settlement of lend-lease and other war accounts signed concurrently herewith by the Government of the Kingdom of the Netherlands, which comprises the Kingdom in Europe, the Netherlands Indies and the Territories of Surinam and Curaçao, and by the United States Government, and have the honor to confirm that the terms of that Agreement have received the concurrence of the Government of the Netherlands Indies, and of the Territorial Governments of Curaçao and Surinam, in so far as these terms relate to these Governments by implication or by direct reference in the text.

With particular reference to paragraph 3, sub-paragraphs F and G, of the Agreement, I am authorized to confirm that the intergovernmental waiver of claims (with the exceptions thereto) is understood to apply as well to obligations and claims between your Government and the Government of the Netherlands Indies, and the Territorial Governments of Surinam and Curaçao, respectively.

Accept, Sir, the renewed assurances of my highest consideration.

A. LOUDON,
Ambassador of the Netherlands.

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DEPARTMENT OF STATE,
Washington, May 28, 1947.

His Excellency Dr. A. LOUDON,
Ambassador of the Netherlands.

EXCELLENCY: I have the honor to refer to your note to me of today in which you refer to the Agreement signed concurrently herewith by the Government of the Kingdom of the Netherlands and by the United States Government for the settlement of lend-lease and other war accounts.

I note your confirmation that the terms of the Agreement have received the concurrence of the Government of the Netherlands Indies, and of the Territorial Governments of Surinam and Curacao, in so far as these terms relate to these Governments by implication or by direct reference in the text.

With particular reference to paragraph 3, sub-paragraphs F and G, of the Agreement, I am glad to confirm that my Government shares the understanding that the intergovernmental waiver of claims (with the exceptions thereto) applies as well to obligations and claims between my Government and the Government of the Netherlands Indies, and the Territorial Governments of Surinam and Curacao, respectively.

Accept, Excellency, the renewed assurances of my highest consideration.

G. C. MARSHALL.

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Appendix V

SOUTH AFRICAN SETTLEMENT

Exchange of Notes

DEPARTMENT OF STATE
Washington, March 21, 1947.

The Honorable H. T. ANDREWS,
Minister of the Union of South Africa.

SIR: Representatives of the Goverments of the United States of America and the Union of South Africa have now finished their discussions concerning the settlement of Lend-Lease, Reciprocal Aid, Surplus War Property and Claims. Accord has been reached on all points as set forth in the accompanying document, which gives complete terms of the overall settlement accepted by both sides.

The Government of the United States of America hereby signifies its acceptance of the terms and conditions of settlement set forth in the accompanying document entitled, "Agreement between the Government of the United States of America and the Government of the Union of South Africa on Settlement for Lend-Lease, Reciprocal Aid, Surplus War Property and Claims" and suggests that this note and your reply indicating acceptance by the Government of the Union of South Africa be regarded as placing on record the agreement of our two Governments in this matter, to take effect on this date.

Accept, Sir, the renewed assurances of my highest consideration.

DEAN ACHESON
Acting Secretary of State.

Enclosure: Agreement between the Government of the United States of America and the Government of the Union of South Africa.

[This Agreement is set forth immediately after the reply Note from the Minister of the Union of South Africa, which reads as follows:]

LEGATION OF THE UNION OF SOUTH AFRICA,
Washington 8, D. C., 21st March, 1947.

The Honorable DEAN ACHESON,
Acting Secretary of State of the United States of America,
Department of State, Washington, D. C.

SIR: I have the honour to acknowledge the receipt of your Note of today's date concerning the discussions which have taken place between repre-

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sentatives of our two Governments on the subject of the settlement of Lend-Lease and related matters, and setting forth terms and conditions which are acceptable to the Government of the United States of America in a document attached thereto entitled, "Agreement between the Government of the United States of America and the Government of the Union of South Africa on Settlement for Lend-Lease, Reciprocal Aid, Surplus War Property and Claims."

At the direction of my Government, I have the honour to state that the terms and conditions contained in the document which accompanied your Note are acceptable to the Government of the Union of South Africa.

The Government of the Union of South Africa agrees that your Note and this reply shall be regarded as placing on record the Agreement of our two Governments in this matter, and that the Agreement shall take effect on this date.

Accept, Sir, the renewed assurances of my highest consideration.

H. T. Andrews.

Agreement Between the Government of the United States of America and the Government of the Union of South Africa on Settlement for Lend-Lease, Reciprocal Aid, Surplus War Property, and Claims

The Government of the United States of America and the Government of the Union of South Africa have reached agreement as set forth below regarding settlement for all lend-lease and reciprocal aid, for the surplus war property specified herein, and for the financial claims of each Government against the other arising as the result of World War II. This settlement is complete and final. Both Governments, in arriving at this settlement, have taken full cognizance of the benefits already received by them in the defeat of their common enemies, and of the aid furnished by each Government to the other in the course of the war. No further benefits will be sought as consideration for lend-lease or reciprocal aid, for the surplus war property specified herein, or for the settlement of claims or other obligations arising out of the war, except as herein specifically provided.

In reaching this agreement, the two Governments, pursuant to the general obligations assumed by them in the exchange of notes dated April 17, 1945, in Washington, D. C., reaffirm their intention to cooperate in formulating a program of agreed action, open to participation by all countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers. To this end, the two governments have reached substantial mutual accord on agreements relating to air transportation, telecommunications and the avoidance of double estate and income taxation.

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1. (a) The term "lend-lease article" as used in this Agreement means any article transferred by the Government of the United States of America under the Act of March 11, 1941;

(i) to the Government of the Union of South Africa, or

(ii) to any other Government and retransferred to the Government of the Union of South Africa.

(b) The term "reciprocal aid article" as used in this Agreement means any article transferred by the Government of the Union of South Africa to the Government of the United States of America under reciprocal aid.

2. The net sum due from the Union of South Africa to the Government of the United States of America, over and above any payments heretofore made, for the settlement of lend-lease and reciprocal aid, for acquisition of surplus war property specified herein, and for settlement of net outstanding claims covered by this Agreement, shall be One Hundred Million United States dollars, one-half of this sum being payable within thirty (30) days, the remaining half within one hundred eighty (180) days, from the date on which this Agreement becomes effective.

3. The Government of the Union of South Africa hereby acquires full title, without qualification as to disposition or use, to all lend-lease articles in the possession of the Government of the Union of South Africa, its agents or transferees, on the date of this Agreement, except vessels covered by paragraph 6 of this Agreement; provided that the Government of the Union of South Africa hereby agrees not to transfer to any third country, without the prior consent of the Government of the United States of America and without payment of any proceeds to the Government of the United States of America, any lend-lease article held by it in the categories of arms, ammunition and lethal weapons. The Government of the Union of South Africa, upon completion of the necessary formalities, shall receive full title, without qualification as to disposition or use, to items of property listed in the Schedule attached hereto.

[The Schedule contains detailed information concerning items of property referred to in paragraph 3.]

4. The Government of the United States of America hereby acquires full title, without qualification as to disposition or use, to all reciprocal aid articles in the possession of the Government of the United States of America, its agents or transferees, on the date of this Agreement.

5. This Agreement does not cover articles of lend-lease origin, regardless of their present location, with respect to which the Government of the Union of South Africa has not acknowledged responsibility or accountability to the Government of the United States of America (even if such articles are now in the physical possession of the Government of the Union of South Africa, its agents or transferees) except as such articles may be listed in the Schedule attached hereto.

6. The Government of the Union of South Africa will, unless otherwise agreed, return as soon as possible after receiving notice of the request for return all vessels procured or constructed out of funds appropriated to the

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United States Navy Department or the United States Maritime Commission and transferred to it under lend-lease.

7. (a) The Government of the Union of South Africa hereby assumes responsibility for the settlement and payment of all claims against the Government of the United States of America or members of the United States Armed Forces arising from acts or omissions occurring before June 30, 1946, in the course of military duties of members of the United States Armed Forces in the Union of South Africa.

(b) All financial claims whatsoever of one Government against the other which (i) arose out of lend-lease or reciprocal aid, or (ii) otherwise arose on or after September 3, 1939 and prior to September 2, 1945, out of or incidental to the conduct of World War II are hereby waived, and neither Government will hereafter raise or pursue any such claims against the other. The foregoing waiver shall not be applicable to claims of the Government of the United States of America against the Government of the Union of South Africa arising out of cash reimbursement orders for lend-lease articles filed by the Union of South Africa; however, such portion of the sum of $100 million payable under paragraph 2 above as may be necessary to discharge the obligations of the Government of the Union of South Africa in connection with these existing arrangements shall be used for this purpose and no additional payment of any kind shall be required. The foregoing waiver shall also not be applicable to claims submitted in accordance with the practice whereby one Government espouses a claim of one of its nationals and presents it through diplomatic channels to the other Government.

8. In consideration of the mutual undertakings of this Agreement, the two Governments hereby waive all claims whatsoever of one Government against the other arising out of all disposals made by the War Stores Disposal Board of the Union of South Africa of articles title to which is acquired by the Union of South Africa under this Agreement.

9. In connection with property acquired under this Agreement, the Government of the Union of South Africa will observe and will call the attention of any transferee to the regulations of the United States Department of State which prohibit, except in certain cases, the importation into the United States of America of surplus property sold in foreign areas.

10. Both Governments, when they dispose of articles acquired pursuant to the terms of this Agreement, will use their best endeavors to avoid discrimination against the legitimate interests of the manufacturers or producers of such articles, or their agents or distributors, in each country.

11. This Agreement shall take effect on the date of its acceptance by both Governments.

U. S. GOVERNMENT PRINTING OFFICE: 1947

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